



Lagardère

Analyst Meeting

March 8, 2006




2005 full-year Results

Lagardère

Contents

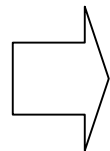
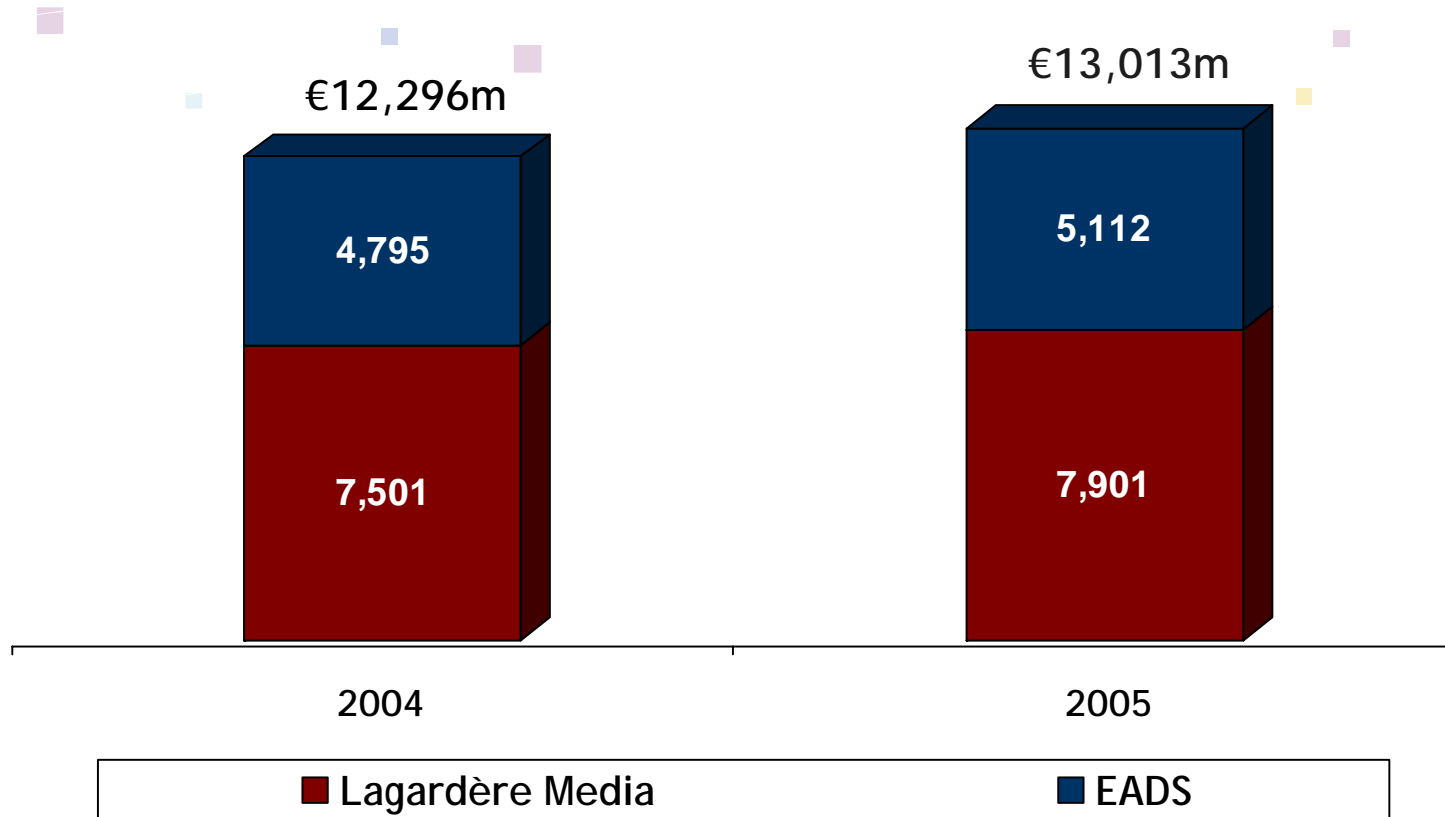
- ✓ 2005 consolidated financial statements ----- p. 3 to 23
- ✓ Financial indicators by division ----- p.24 to 37
- ✓ Reconciliation of recurring EBIT before associates to EBIT ----- p.38 to 40
- ✓ Additional balance sheet information ----- p.41 to 43
- ✓ Significant events ----- p.44 to 60
- ✓ Lagardère share price performance ----- p.61 to 63



Consolidated financial statements 2005

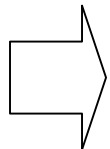
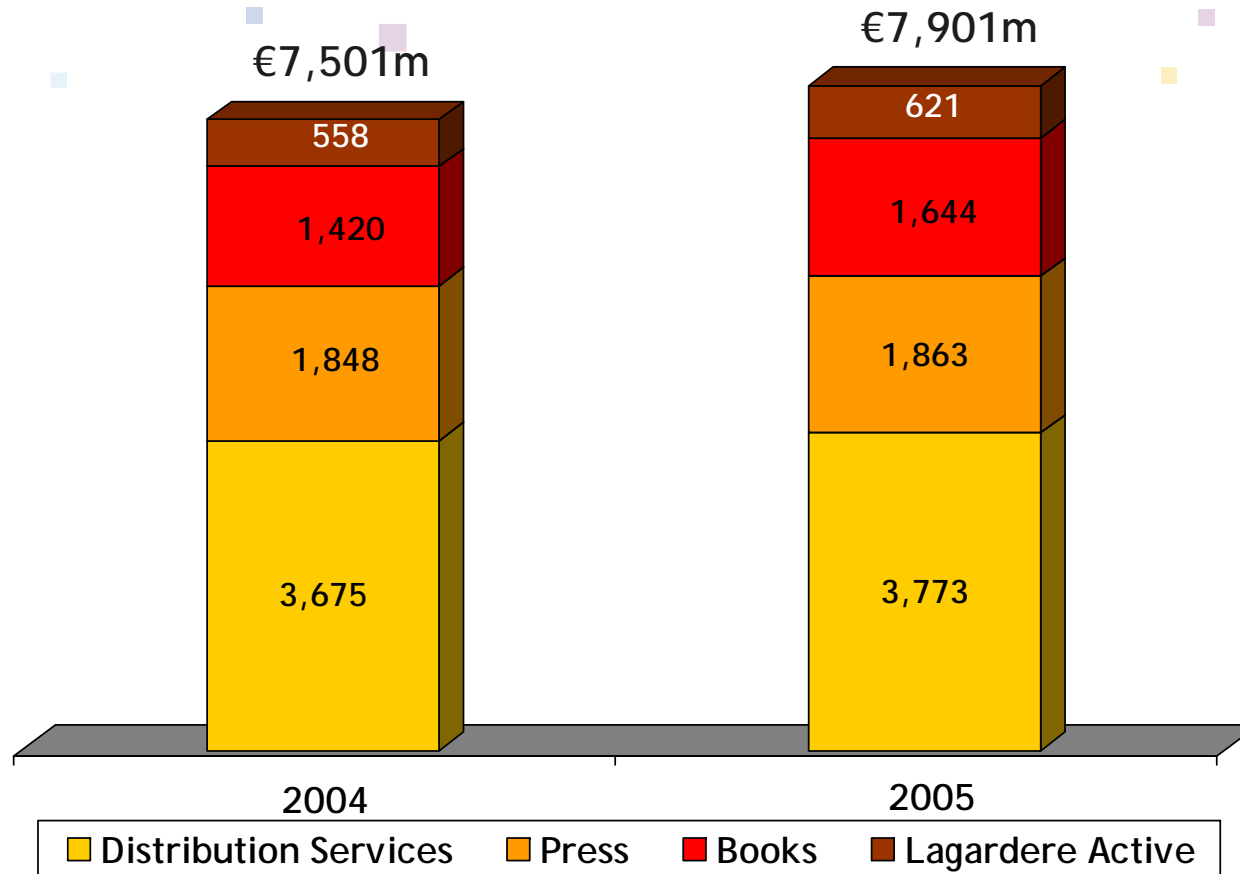
| | |
|-----------------------|---|
| Books | Full consolidation of British publisher <i>Hodder Headline</i> (included from October 1 only in 2004). |
| Press | Proportionate consolidation (49%) of <i>Psychologies Magazine</i> (included from July 1 only in 2004). |
| Distribution Services | Full consolidation from November 1, 2005 of newly-acquired businesses in the Asia-Pacific region. |
| Lagardere Active | January 2005: swap with Canal Plus Group of the cross-holdings in MultiThématiques and Lagardère Thématiques. Lagardère sold its 30% stake in MultiThématiques to Canal Plus, and increased its stake in Lagardère Thématiques from 51% to 100%. In 2004, MultiThématiques was accounted for as an associate (equity-accounted), and Lagardère Thématiques was fully consolidated. Full consolidation of Polish radio station Eurozet, versus proportionate consolidation (49%) in 2004. |

| | |
|------------------|---|
| Other Activities | Divestment of the activities of Arjil & Associés at the end of 2004. |
| EADS | The rate used for the proportionate consolidation of EADS was 14.95% for 2005, vs 15.10% for 2004 (resulting mainly from the exercise of employee stock options). |



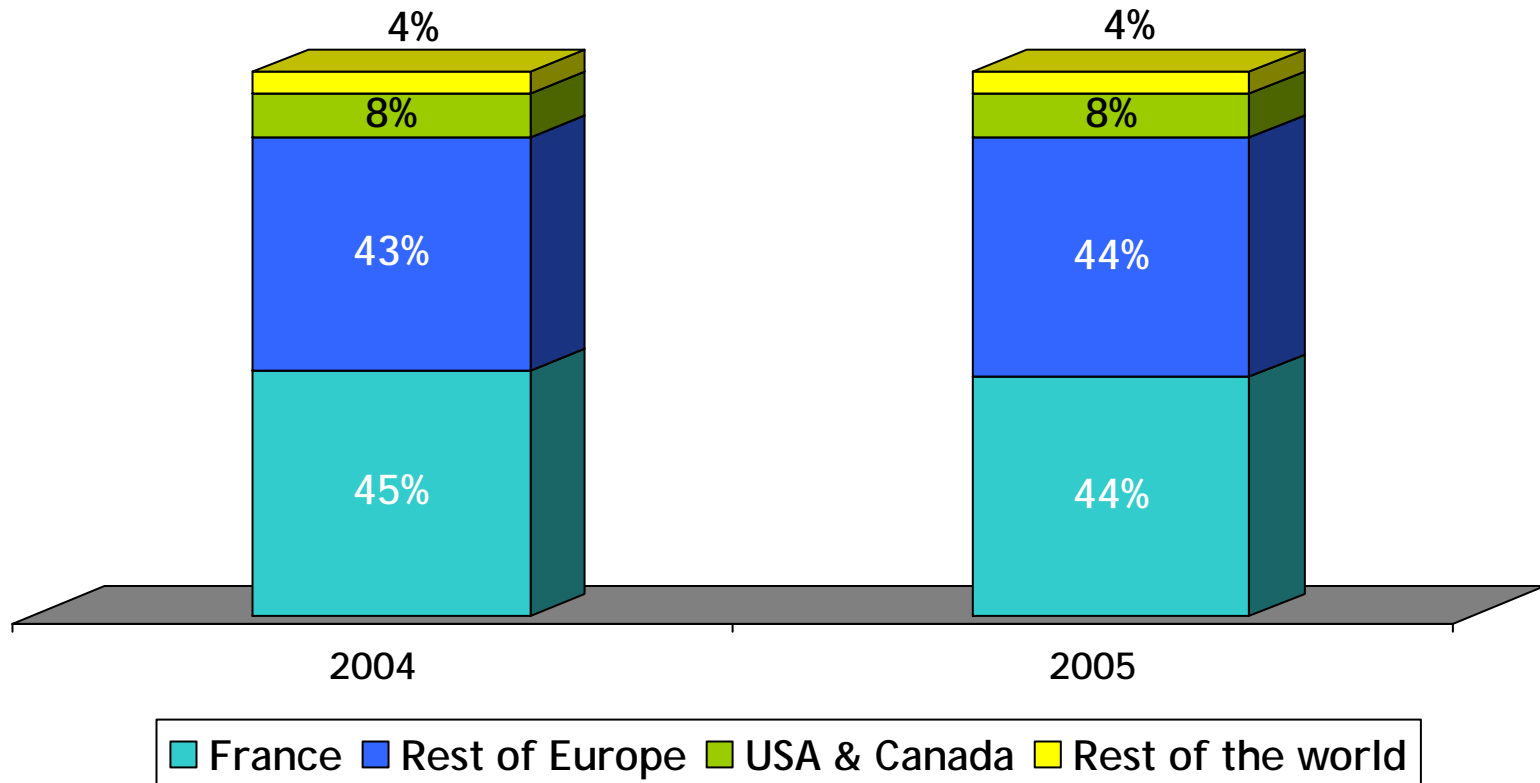
5.8% growth on a consolidated basis

5.3% growth for *Lagardère Media*

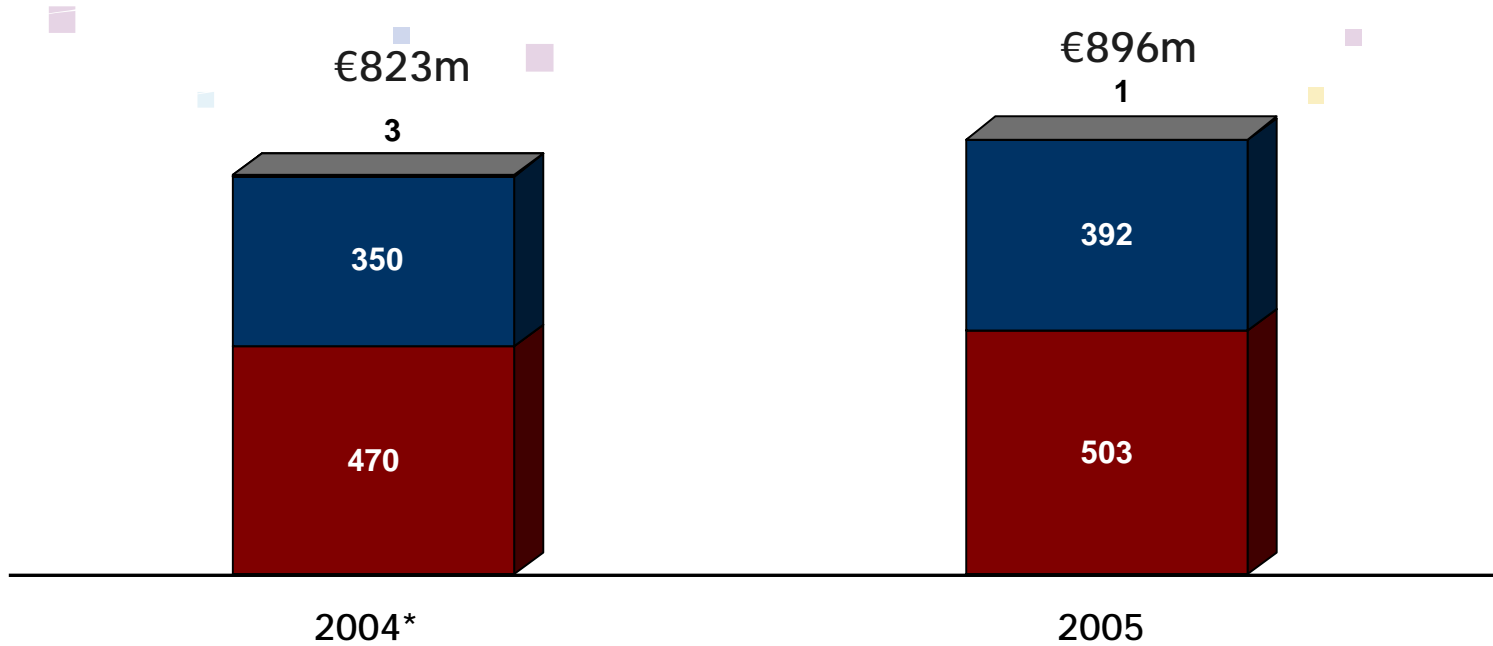


- Growth on a like-for-like basis: 2.5%

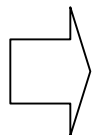
- Impact of consolidation of *Hodder Headline* in 2005: €176m



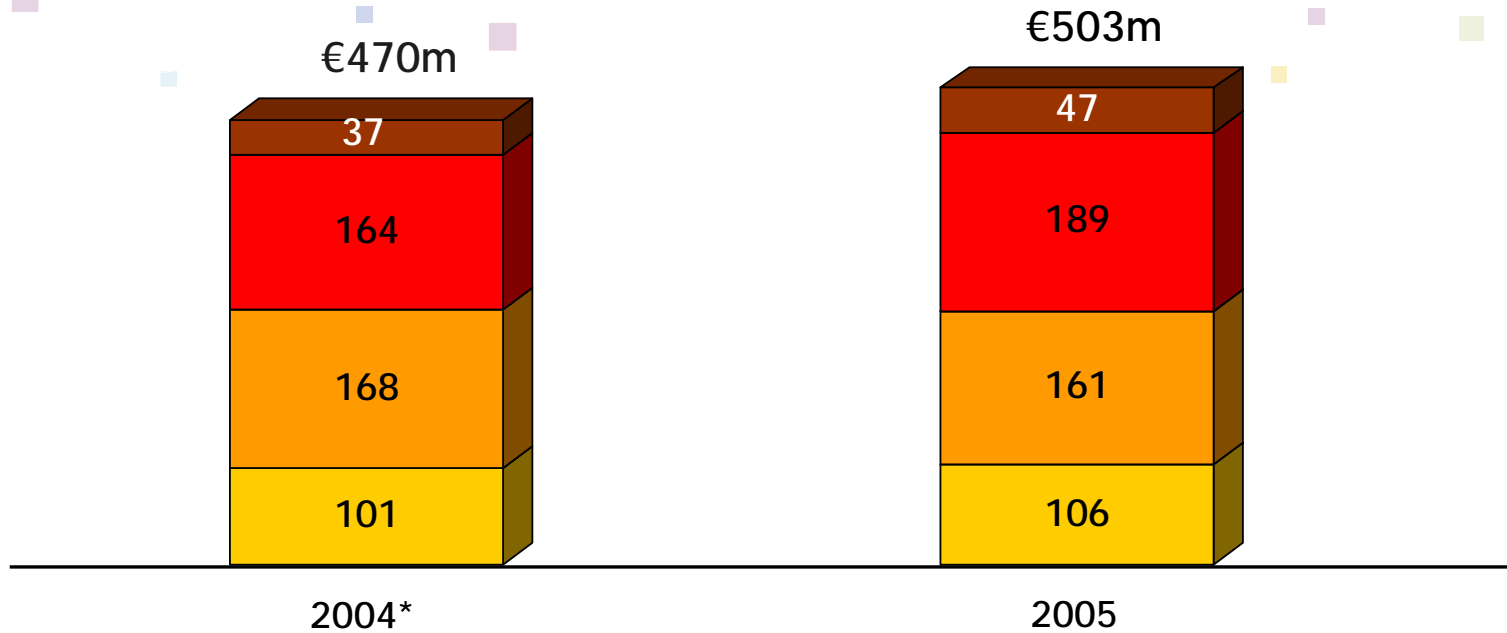
Recurring EBIT before associates by division



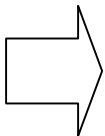
* After reallocating 2004 corporate costs recharged to Lagardère Media by “Other activities” using 2005 allocation rates



- Growth in recurring EBIT before associates: 8.9%
- Lagardère Media growth in recurring EBIT before associates: 7.1%

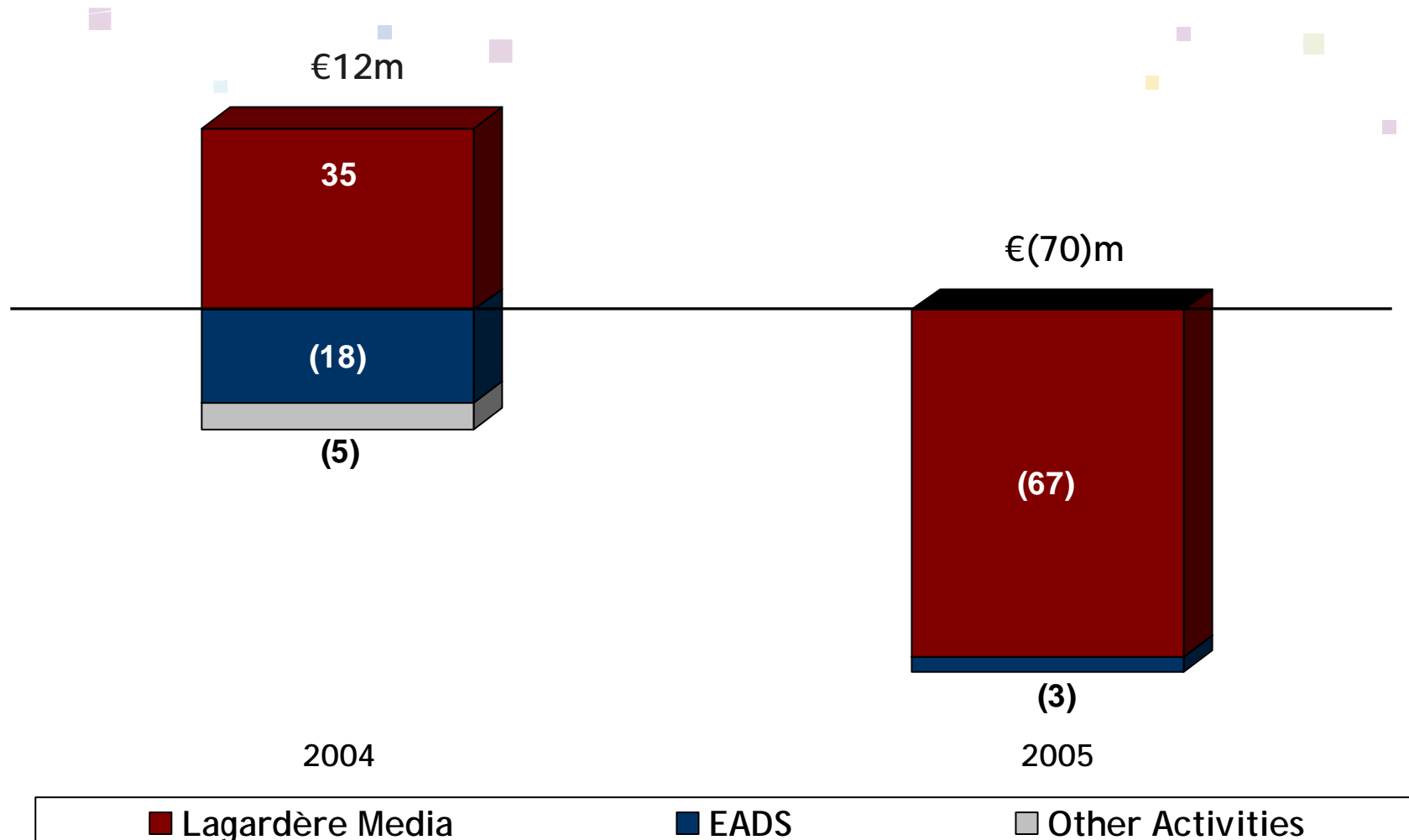


* After reallocating 2004 corporate costs recharged to Lagardère Media by “Other Activities” using 2005 allocation rates



- Cost of stock option plans: €22m for 2005, €10m for 2004
- Growth in recurring EBIT before associates: 7.1%

10.3% before cost of stock option plans and cost of investment in Digital Terrestrial Television, and based on a euro/dollar exchange rate of 1.30



Non-recurring items by type

Media & Other Activities

€30m

7

104

EADS

(18)

(72)

(9)

2004

Media & Other Activities

€(67)m

EADS

(3)


17


(59)

(25)

2005

 EADS

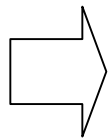
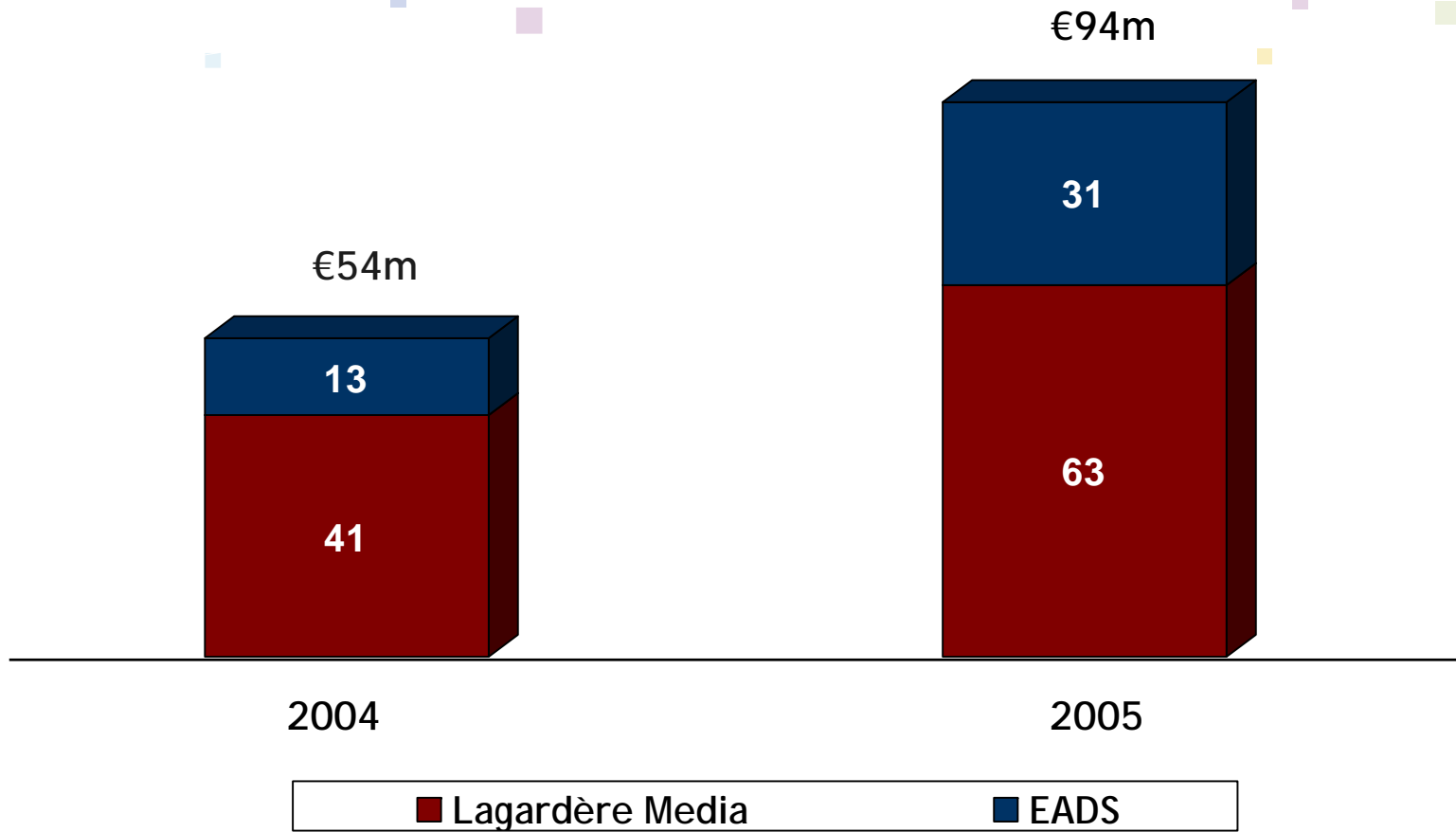
 Net gain/(loss) on disposals

 Impairment of PP&E, goodwill and intangibles

 Restructuring costs

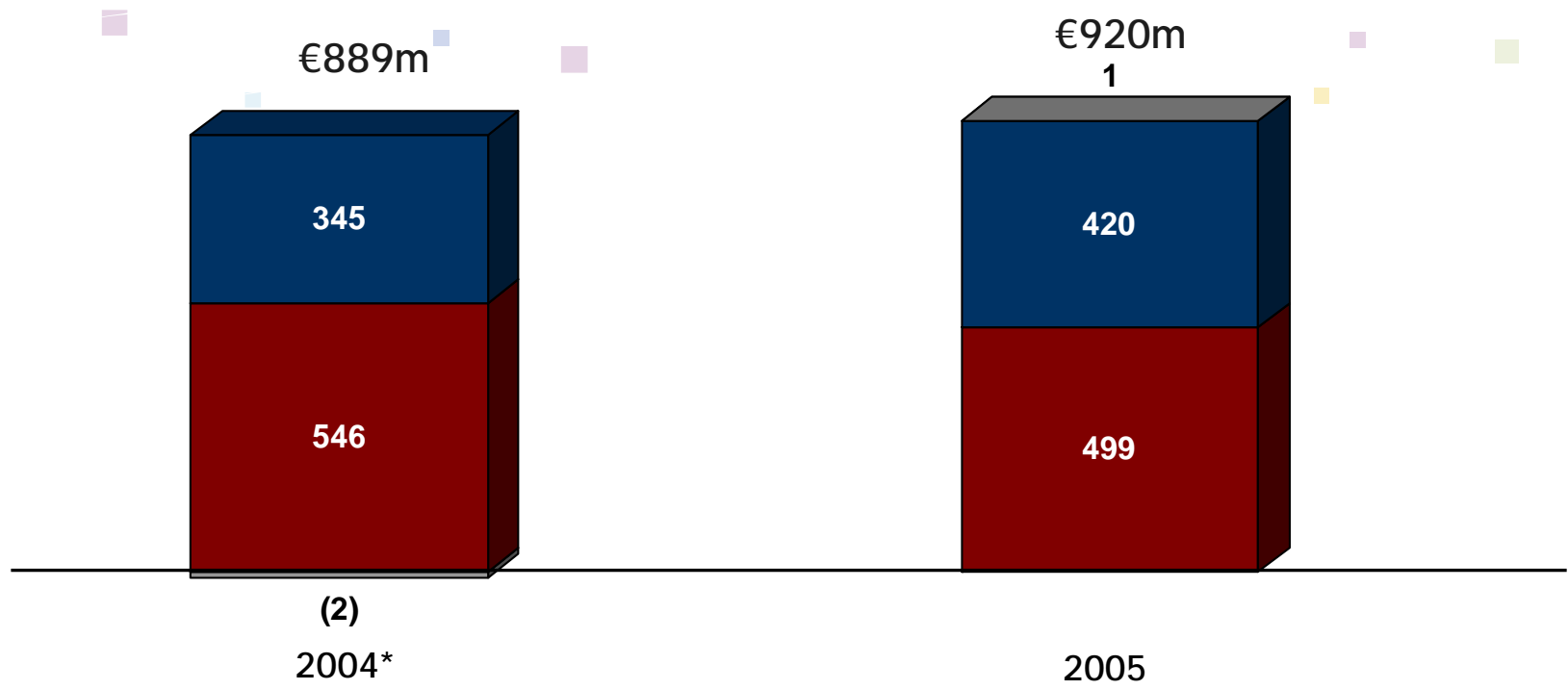
 Reversal of provision: investment in T-Online

→ 2005 full-year Results

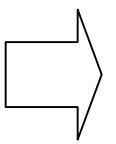


- CanalSat contribution: €45m in 2005, €39m in 2004

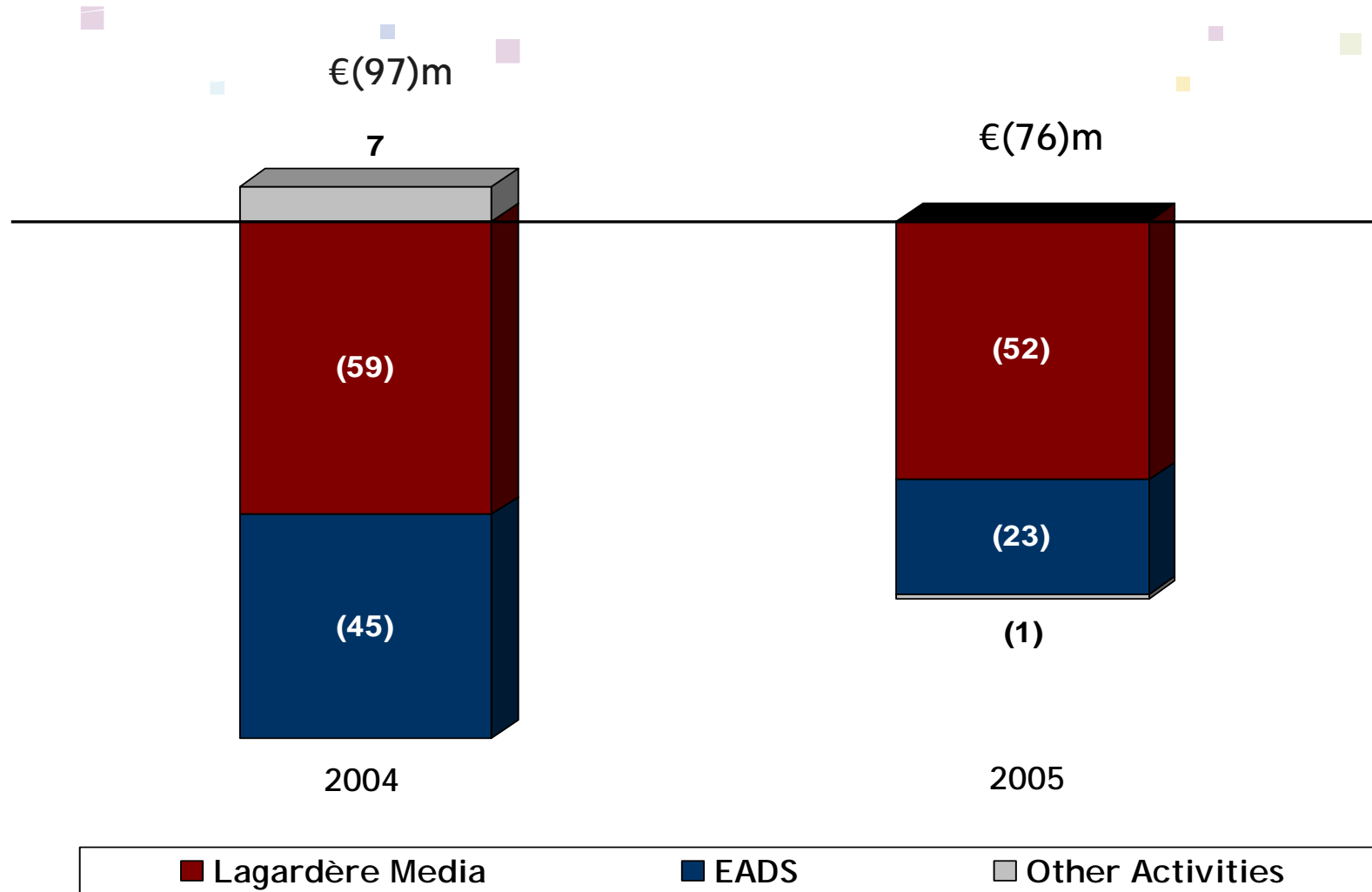
Earnings before interest & taxes (EBIT) by division

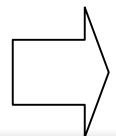
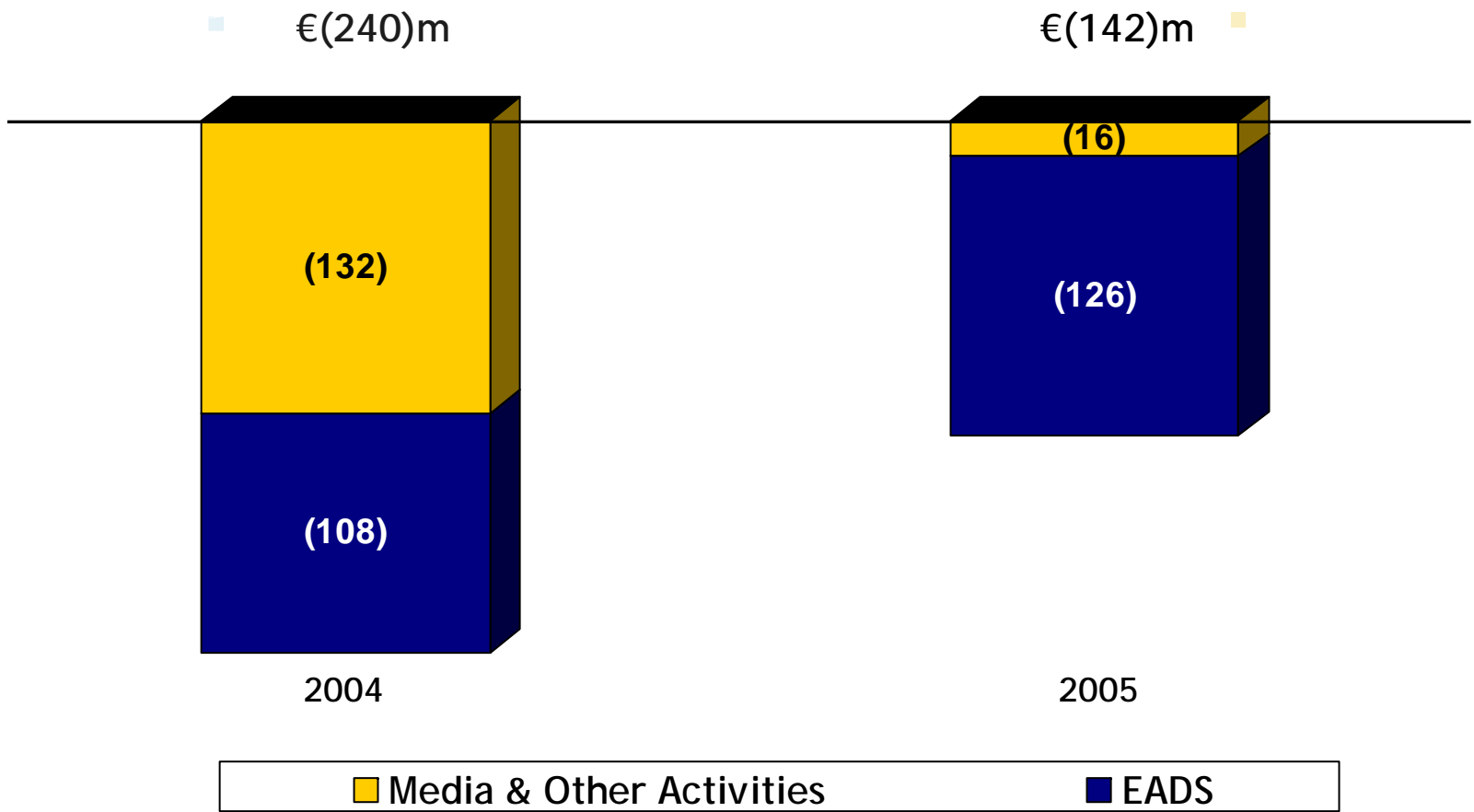


* After reallocating 2004 corporate costs recharged to Lagardère Media by "Other Activities" using 2005 allocation rates



- Excluding the impact of the reversal of the €104m T-Online provision in 2004, Lagardère Media EBIT growth would have been 12.9%





Positive effect of non-recurring items for Media & Other Activities in 2005: €99m

| (M€) | 2004 | | | 2005 | | |
|---|--------------------------|------------|------------|--------------------------|------------|------------|
| | Media & Other Activities | EADS | Total | Media & Other Activities | EADS | Total |
| Net sales | 7,501 | 4,795 | 12,296 | 7,901 | 5,112 | 13,013 |
| EBIT | 544 | 345 | 889 | 500 | 420 | 920 |
| Finance costs, net | (52) | (45) | (97) | (53) | (23) | (76) |
| Income tax expense | (132) | (108) | (240) | (16) | (126) | (142) |
| Net income before minority interests | 360 | 192 | 552 | 431 | 271 | 702 |

| | | | | | | |
|--------------------|------------|------------|------------|------------|------------|------------|
| Net income | 335 | 160 | 495 | 404 | 266 | 670 |
| Minority interests | 25 | 32 | 57 | 27 | 5 | 32 |

Adjusted net income, excluding EADS

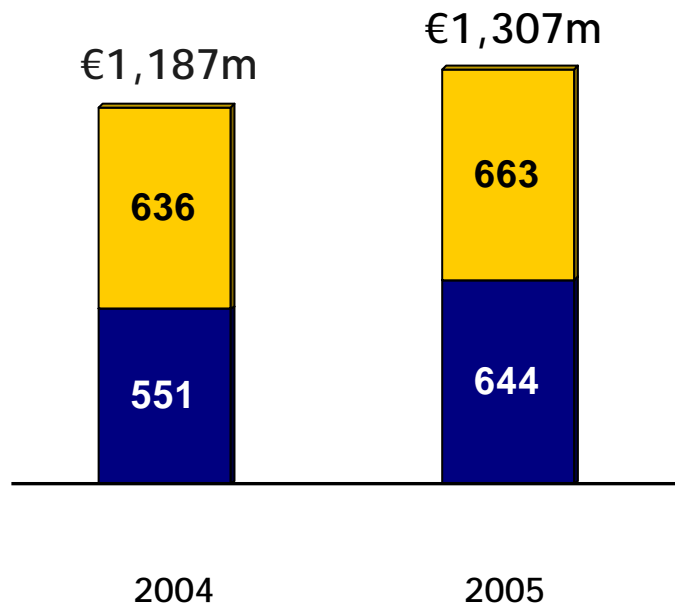
18

| (€m) | 2004 | 2005 |
|--|------------|------------|
| <u>Net income excluding EADS</u> | <u>335</u> | <u>404</u> |
| Non-recurring tax effects | 0 | (99) |
| Reversal of provision for T-Online shares, net of tax | (88) | 0 |
| <u>Adjusted net income excluding EADS</u> | <u>247</u> | <u>305</u> |
| Impairment losses on PP&E, goodwill and intangible assets (net of minority interest) | 85 | 55 |
| <u>Adjusted net income excluding EADS (before impairment losses on PP&E, goodwill and intangible assets)</u> | <u>332</u> | <u>360</u> |

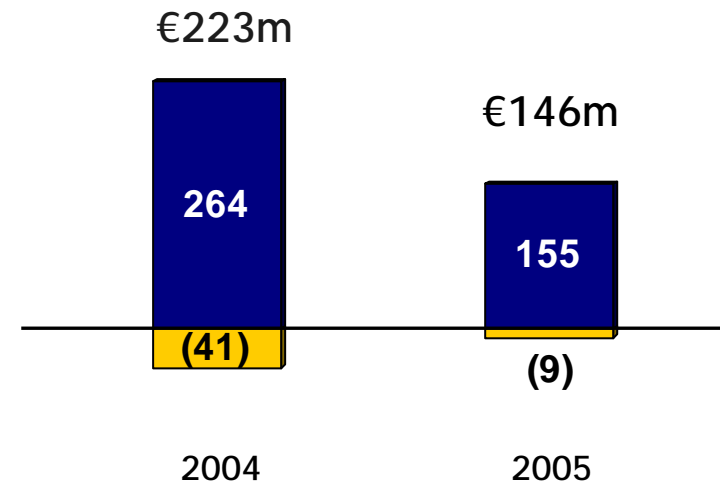
→ 2005 full-year Results

Lagardère

Cash flow from operations before interest, taxes and changes in working capital



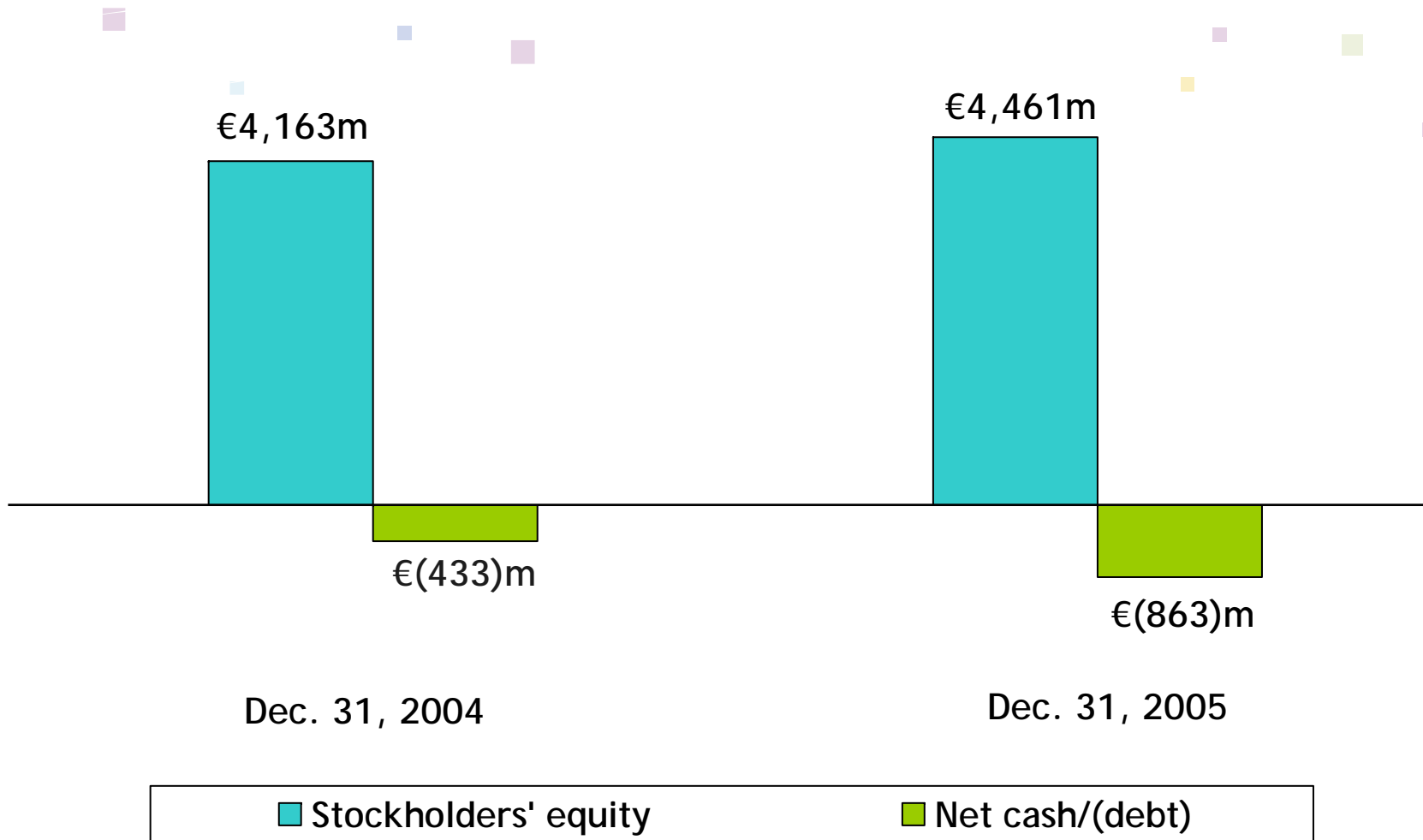
Changes in working capital



| (M€) | 2004 | | | 2005 | | |
|---|--------------------------|--------------|----------------|--------------------------|--------------|--------------|
| | Media & Other Activities | EADS | Total | Media & Other Activities | EADS | Total |
| Cash flow from operations before interest, taxes and changes in working capital | 636 | 551 | 1,187 | 663 | 644 | 1,307 |
| Changes in working capital | (41) | 264 | 223 | (9) | 155 | 146 |
| Net cash flow from operations | 595 | 815 | 1,410 | 654 | 799 | 1,453 |
| Interest paid & received, income taxes paid | (203) | (52) | (255) | (209) | (29) | (238) |
| Net cash flow from operations after interest & taxes | 392 | 763 | 1,155 | 445 | 770 | 1,215 |
| Investments | (640) | (681) | (1,321) | (248) | (578) | (826) |
| <i>Intangible assets & PP&E</i> | (216) | (554) | (770) | (164) | (427) | (591) |
| <i>Financial assets</i> | (424) | (127) | (551) | (84) | (151) | (235) |
| Disposals | 723 | 112 | 835 | 78 | 176 | 254 |
| <i>Intangible assets & PP&E</i> | 24 | 17 | 41 | 14 | 53 | 67 |
| <i>Financial assets</i> | 699 | 95 | 794 | 64 | 123 | 187 |
| (Purchase)/disposal of short-term investments | (12) | (11) | (23) | 582 | (123) | 459 |
| Net cash flow from investing activities | 71 | (580) | (509) | 412 | (525) | (113) |
| Net cash flow from operating & investing activities | 463 | 183 | 646 | 857 | 245 | 1,102 |

| (€m) | December 31, 2004 | | | December 31, 2005 | | |
|---|--------------------------|--------------|---------------|--------------------------|--------------|---------------|
| | Media & Other Activities | EADS | Total | Media & Other Activities | EADS | Total |
| Non-current assets | 5,573 | 3,618 | 9,191 | 5,802 | 4,654 | 10,456 |
| Current assets | 4,438 | 4,337 | 8,775 | 3,463 | 5,070 | 8,533 |
| <i>of which short term investments & cash</i> | <i>1,957</i> | <i>1,414</i> | <i>3,371</i> | <i>849</i> | <i>1,498</i> | <i>2,347</i> |
| TOTAL ASSETS | 10,011 | 7,955 | 17,966 | 9,265 | 9,724 | 18,989 |
| Stockholders' equity | 2,945 | 1,218 | 4,163 | 3,143 | 1,318 | 4,461 |
| Non-current liabilities | 2,695 | 3,126 | 5,821 | 2,170 | 3,671 | 5,841 |
| <i>of which financial debt</i> | <i>1,819</i> | <i>665</i> | <i>2,484</i> | <i>1,280</i> | <i>627</i> | <i>1,907</i> |
| Current liabilities | 4,371 | 3,611 | 7,982 | 3,952 | 4,735 | 8,687 |
| <i>of which financial debt</i> | <i>1,211</i> | <i>109</i> | <i>1,320</i> | <i>644</i> | <i>659</i> | <i>1,303</i> |
| TOTAL STOCKHOLDERS' EQUITY & LIABILITIES | 10,011 | 7,955 | 17,966 | 9,265 | 9,724 | 18,989 |

Stockholders' equity and net cash/(debt)



| (€m) | Dec 31, 2004 | Change | Dec 31, 2005 |
|---|--------------|--------------|--------------|
| <u>Net debt</u> | <u>433</u> | <u>430</u> | <u>863</u> |
| EADS net cash | 640 | (428) | 212 |
| T-Online | 626 | (581) | 45 |
| Net debt (excluding EADS & T-Online) | 1,699 | (579) | 1,120 |



Financial indicators by business segment

| (€m) | 2004 | 2005 |
|------------------------------|--------|--------|
| <i>Books</i> | 1,420 | 1,644 |
| <i>Press</i> | 1,848 | 1,863 |
| <i>Distribution Services</i> | 3,675 | 3,773 |
| <i>Lagardere Active</i> | 558 | 621 |
| Lagardère Media | 7,501 | 7,901 |
| EADS | 4,795 | 5,112 |
| TOTAL | 12,296 | 13,013 |

| (€m) | 2004* | 2005 |
|----------------------------------|-------|------|
| <i>Books</i> | 164 | 189 |
| <i>Press</i> | 168 | 161 |
| <i>Distribution Services</i> | 101 | 106 |
| <i>Lagardere Active</i> | 37 | 47 |
| Lagardère Media | 470 | 503 |
| EADS | 350 | 392 |
| Other Activities | 3 | 1 |
| Recurring EBIT before associates | 823 | 896 |

* After reallocating 2004 corporate costs recharged to Lagardère Media by “Other Activities” using 2005 allocation rates

| (€m) | 2004* | 2005 |
|--|-------|-------|
| Net sales | 7,501 | 7,901 |
| Recurring EBIT before associates | 470 | 503 |
| Income from associates | 41 | 63 |
| Non-recurring items** | 35 | (67) |
| EBIT | 546 | 499 |
| Finance costs, net | (59) | (52) |
| Income before tax & minority interests | 487 | 447 |
| Operating margin | 6.3% | 6.4% |
| Operating margin excl. Distribution Services | 9.6% | 9.6% |

* After reallocating 2004 corporate costs recharged to Lagardère Media by “Other Activities” using 2005 allocation rates

** Including impact of reversal of T-Online provision in 2004: €104m

Lagardere Active Broadcast & Broadband

Net sales & Recurring EBIT before associates

| (€m) | 2004* | | | | 2005 | | | |
|---|-----------|-----|-----------|------------------|-----------|------|-----------|------------------|
| | Broadcast | | Broadband | Lagardere Active | Broadcast | | Broadband | Lagardere Active |
| | Radio | TV | | | Radio | TV | | |
| Net sales | 230 | 231 | 97 | 558 | 265 | 254 | 102 | 621 |
| Recurring EBIT before associates | 46 | (4) | (5) | 37 | 46 | 10** | (9) | 47 |

* After reallocating 2004 corporate costs recharged to Lagardère Media by “Other Activities” using 2005 allocation rates

** Including impact of Digital Terrestrial Television: -€7m

| (€m) | 2004 | 2005 |
|---|--------------|--------------|
| Cash flow from operations before interest, taxes & changes in working capital | 684 | 662 |
| Changes in working capital | 41 | 2 |
| Net cash flow from operations | 725 | 664 |
| Interest paid & received and income taxes paid | (274) | (219) |
| Net cash flow from operations after interest & taxes | 451 | 445 |
| Investments | (624) | (223) |
| <i>Intangible assets & PP&E</i> | (204) | (161) |
| <i>Financial assets</i> | (420) | (62) |
| Disposals | 726 | 65 |
| <i>Intangible assets & PP&E</i> | 23 | 14 |
| <i>Financial assets</i> | 703 | 51 |
| (Purchase)/disposal of short-term investments | (13) | 582 |
| Net cash flow from investing activities | 89 | 424 |
| Net cash flow from operating & investing activities | 540 | 869 |

Cash Flow Statement by business segment (2005)

| (€m) | Books | Press | Distribution Services | Lagardere Active | Lagardère Media |
|---|-------------|-------------|-----------------------|------------------|-----------------|
| Cash flow from operations before interest, taxes & changes in working capital | 216 | 171 | 161 | 114 | 662 |
| Changes in working capital | 13 | (28) | 2 | 15 | 2 |
| Net cash flow from operations | 229 | 143 | 163 | 129 | 664 |
| Interest paid & received and income taxes paid | (58) | (72) | (46) | (43) | (219) |
| Net cash flow from operations after interest & taxes | 171 | 71 | 117 | 86 | 445 |
| Investments | (29) | (46) | (91) | (57) | (223) |
| <i>Intangible assets & PP&E</i> | (25) | (41) | (72) | (23) | (161) |
| <i>Financial assets</i> | (4) | (5) | (19) | (34) | (62) |
| Disposals | 23 | 7 | 7 | 28 | 65 |
| <i>Intangible assets & PP&E</i> | 7 | 1 | 4 | 2 | 14 |
| <i>Financial assets</i> | 16 | 6 | 3 | 26 | 51 |
| (Purchase)/disposal of short-term investments | - | - | 1 | 581 | 582 |
| Net cash flow from investing activities | (6) | (39) | (83) | 552 | 424 |
| Net cash flow from operating & investing activities | 165 | 32 | 34 | 638 | 869 |

Cash Flow Statement by business segment (2004)

| (€m) | Books | Press | Distribution Services | Lagardere Active | Lagardère Media |
|---|--------------|--------------|-----------------------|------------------|-----------------|
| Cash flow from operations before interest, taxes & changes in working capital | 216 | 192 | 163 | 113 | 684 |
| Changes in working capital | 33 | (7) | 29 | (14) | 41 |
| Net cash flow from operations | 249 | 185 | 192 | 99 | 725 |
| Interest paid & received and income taxes paid | (77) | (62) | (31) | (104) | (274) |
| Net cash flow from operations after interest & taxes | 172 | 123 | 161 | (5) | 451 |
| Investments | (339) | (118) | (94) | (73) | (624) |
| <i>Intangible assets & PP&E</i> | (26) | (90) | (71) | (17) | (204) |
| <i>Financial assets</i> | (313) | (28) | (23) | (56) | (420) |
| Disposals | 681 | 14 | 20 | 11 | 726 |
| <i>Intangible assets & PP&E</i> | 1 | 6 | 14 | 2 | 23 |
| <i>Financial assets</i> | 680 | 8 | 6 | 9 | 703 |
| (Purchase)/disposal of short-term investments | - | - | (13) | - | (13) |
| Net cash flow from investing activities | 342 | (104) | (87) | (62) | 89 |
| Net cash flow from operating & investing activities | 514 | 19 | 74 | (67) | 540 |

| (€m) | EADS 100% (in Lagardère format) | Reclassification of financial items | Amortization/ depreciation of fair value adjustments to non-current assets | EADS 100% (restated) | Lagardere interest in EADS (14.95%) | Gain on dilution & other items | EADS contribution (14.95%) |
|---|--|---|---|----------------------------|--|--------------------------------------|----------------------------------|
| Net sales | 34,206 | | | 34,206 | 5,112 | | 5,112 |
| EBIT | 2,712 | (22) | 57 | 2,747 | 410 | 10 | 420 |
| Finance costs, net | (177) | 22 | | (155) | (23) | | (23) |
| Income tax expense | (825) | | (22) | (847) | (126) | | (126) |
| Net income before minority interests | 1,710 | 0 | 35 | 1,745 | 261 | 10 | 271 |
| Net income | 1,676 | | 35 | 1,711 | 256 | | 266 |
| Minority interests | 34 | | | 34 | 5 | | 5 |

| (€m) | 2004 | 2005 |
|--|-------|-------|
| Net sales | 4,795 | 5,112 |
| Recurring EBIT before associates | 350 | 392 |
| Income from associates | 13 | 31 |
| Non-recurring items | (18) | (3) |
| EBIT | 345 | 420 |
| Finance costs, net | (45) | (23) |
| Income before tax & minority interests | 300 | 397 |

| (€m) | 2004 | 2005 |
|---|--------------|--------------|
| Cash flow from operations before interest, taxes & changes in working capital | 551 | 644 |
| Changes in working capital | 264 | 155 |
| Net cash flow from operations | 815 | 799 |
| Interest paid & received and income taxes paid | (52) | (29) |
| Net cash flow from operations after interest & taxes | 763 | 770 |
| Investments | (681) | (578) |
| <i>Intangible assets & PP&E</i> | (554) | (427) |
| <i>Financial assets</i> | (127) | (151) |
| Disposals | 112 | 176 |
| <i>Intangible assets & PP&E</i> | 17 | 53 |
| <i>Financial assets</i> | 95 | 123 |
| (Purchase)/disposal of short-term investments | (11) | (123) |
| Net cash flow from investing activities | (580) | (525) |
| Net cash flow from operating & investing activities | 183 | 245 |

| (€m) December 31, 2005 | EADS 100% | Lagardère restatements | EADS 100% (restated) | EADS 14.95% (restated) |
|---|---------------|---------------------------|-------------------------|------------------------------|
| Non-current assets | 36,908 | (5,760) | 31,148 | 4,654 |
| Current assets | 33,477 | 445 | 33,922 | 5,070 |
| <i>of which short-term investments & cash</i> | 9,575 | 445 | 10,020 | 1,498 |
| TOTAL ASSETS | 70,385 | (5,315) | 65,070 | 9,724 |
| Stockholders' equity | 13,902 | (5,071) | 8,831 | 1,318 |
| Non-current liabilities | 24,801 | (244) | 24,557 | 3,671 |
| <i>of which financial debt</i> | 4,189 | | 4,189 | 627 |
| Current liabilities | 31,682 | | 31,682 | 4,735 |
| <i>of which financial debt</i> | 4,408 | | 4,408 | 659 |
| TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES | 70,385 | (5,315) | 65,070 | 9,724 |

| (€m) | 2004* | 2005 |
|---------------------|-------|------|
| EBIT | 3 | 1 |
| Non-recurring items | (5) | 0 |
| Finance costs, net | 7 | (1) |
| Net income | 5 | 0 |

* After reallocating 2004 corporate costs recharged to Lagardère Media by “Other Activities” using 2005 allocation rates

| (€m) | 2004 | 2005 |
|--------------------------------------|-------|-------|
| Lagardère Media | 487 | 447 |
| EADS | 300 | 397 |
| Other Activities | 5 | 0 |
| Income before tax | 792 | 844 |
| Income tax expense | (240) | (142) |
| Net income before minority interests | 552 | 702 |
| Net income | 495 | 670 |
| Minority interests | 57 | 32 |

Reconciliation of recurring EBIT before associates to EBIT

Details by business segment

Reconciliation of recurring EBIT before associates

39

to EBIT: 2005

| (€m) | Books | Press | Distribution Services | Lagardere Active | Other Activities | Total excl. EADS | EADS | Total Lagardère |
|--|------------|------------|-----------------------|------------------|------------------|------------------|------------|-----------------|
| Recurring EBIT before associates | 189 | 161 | 106 | 47 | 1 | 504 | 392 | 896 |
| Impairment of PP&E, goodwill and intangibles | | (10) | | (49) | | (59) | | (59) |
| Net gain/(loss) on disposals | 6 | 1 | 3 | 7 | | 17 | 6 | 23 |
| Restructuring costs | | (21) | | (4) | | (25) | (9) | (34) |
| Income from associates | 1 | 16 | | 46 | | 63 | 31 | 94 |
| EBIT | 196 | 147 | 109 | 47 | 1 | 500 | 420 | 920 |

Reconciliation of recurring EBIT before associates

40

to EBIT – 2004*

| (€m) | Books | Press | Distribution Services | Lagardere Active | Other Activities | Total excl. EADS | EADS | Total Lagardère |
|--|------------|------------|-----------------------|------------------|------------------|------------------|------------|-----------------|
| Recurring EBIT before associates | 164 | 168 | 101 | 37 | 3 | 473 | 350 | 823 |
| Impairment of PP&E, goodwill and intangibles | (1) | (50) | (4) | (17) | | (72) | | (72) |
| Reversal of impairment: investment in T-Online | | | | 104 | | 104 | | 104 |
| Net gain/(loss) on disposals | 3 | 1 | 2 | 6 | (5) | 7 | 1 | 8 |
| Restructuring costs | | (9) | | | | (9) | (19) | (28) |
| Income from associates | 1 | 12 | | 28 | | 41 | 13 | 54 |
| EBIT | 167 | 122 | 99 | 158 | (2) | 544 | 345 | 889 |

* After reallocating 2004 corporate costs recharged to Lagardère Media by “Other Activities” using 2005 allocation rates

→ 2005 full-year Results

Lagardère



Additional balance sheet information

| (€m) | December 31, 2005 | Less than 1 year | 1 to 5 years | Over 5 years | Total |
|---|-------------------|------------------|--------------|--------------|--------------|
| Bonds | | 106 | 131 | 458 | 695 |
| Bank borrowings | | 25 | 367 | 191 | 583 |
| Finance lease obligations | | 11 | 63 | 5 | 79 |
| Liability arising from commitment to buy out minority interests | | 32 | 44 | - | 76 |
| Other debt | | 470 | 8 | 13 | 491 |
| TOTAL | | 644 | 613 | 667 | 1,924 |

Short-term investments & cash (excl. EADS): €849m

| (€m) | Dec 31, 2005 | Dec 31, 2004 |
|--|-----------------|-----------------|
| Commitments to purchase shares from: | | |
| - third parties other than minority interests | 17 | 17 |
| Commitments given in connection with ordinary activities: | | |
| - guarantees and performance bonds | 47 | 57 |
| - guarantees in favor of third parties or non-consolidated companies | 59 | 61 |
| Mortgages and pledges of assets | 3 | 4 |

Significant events

→ OVERVIEW

■ 2005 performances:

- Net sales: up 3.5% on a like-for-like basis
up 15.8% on a reported basis
- Recurring EBIT before associates: up 15.0%

■ Market context in 2005:

- Flat French publishing market in 2005
- Good performances by the various segments of Hachette Livre
- Step change due to acquisitions in France, the United Kingdom and Spain

→ FRANCE

■ Literature:

- Success of Dan Brown: 2 million copies of *Da Vinci Code* (Lattès) sold, including 750,000 in 2005; 1 million copies of *Anges et Démons* (Lattès)
- Literary prizes:
 - Prix Goncourt: *Trois jours chez ma mère*, by François Weyergans (Grasset)
 - Prix Interallié: *La possibilité d'une île*, by Michel Houellebecq (Fayard)
 - Prix Renaudot: *Mes mauvaises pensées*, by Nina Bouraoui (Stock)

■ Education:

- Good performances by Hatier, Hachette Education and Didier in a growth market

■ Hachette Illustrated:

- Creation of successful new characters and formats at Hachette Jeunesse Image, Hachette Jeunesse Roman and Hachette JD
- Overhaul of editorial policy on practical titles
- *Marabout* and *Tourism* still leaders in their markets
- *Le Chêne* and *Hazan* have maintained or bettered their positions in a highly competitive market


→ **FRANCE****■ Larousse:**

- Year of mixed fortunes, with successes in children's books and the failure of a new encyclopedia

■ Academic & Trade:

- 2005 growth and margin targets met
- Sale of Dalloz to Editions Lefebvre Sarrut announced in June 2005

■ Distribution:

- Ongoing preparations for the integration of newly-acquired companies
- Preparation for the arrival of two new publishing partners on January 1, 2006: Payot-Rivage and Tonkam

■ Part-works:

- Mixed picture in France
- Continuing international expansion in line with the initial rollout strategy

→ SPAIN

- Good year for Anaya in Education
- Bruño has moved into the black
- Success for Salvat in part-works

→ UNITED KINGDOM

- Excellent year for Hodder Headline, which is on target
- Reorganization of Hachette UK and generation of synergies:
 - improved performances by Distribution
 - merger of operations in Australia and New Zealand
- Good sales performances at Orion and Watts despite tough comparatives

→ 2006 FULL-YEAR OUTLOOK

- Hachette Livre: the most spectacular growth in world publishing since 2002
- 2006 will mainly focus on:
 - exploiting potential synergies from recent acquisitions
 - developing key language zones where the group is already present
- Preparation for the arrival of Dalloz-Dunod-Colin in distribution in 2007
- Acquisition of TWBG in February 2006



→ OVERVIEW

■ 2005 performances:

- Net sales: up 0.6% on a like-for-like basis
up 0.8% on a reported basis
- Recurring EBIT before associates: down 4.3%

■ Market context in 2005:

- Flat magazine advertising market in most countries
- Penetration by internet media
- Market shares maintained thanks to recent investments in launches and the success of our leading brands

■ Highlights:

- International rollouts of « Psychologies Magazine »
- Business rationalization:
 - focus on the most promising titles in launch or recovery phase
 - reorganization of production and editorial departments in the USA and France

→ MAGAZINE PUBLISHING: FRANCE

■ **Portfolio**

- Advertising: - Increase in like-for-like advertising revenues
- Growth for leading titles and good performances by new launches
- Circulation: - Positive impact from event-rich first half
- Sales held up well for children's titles, trend continuing for TV magazines
- Growth for leading titles, good performances from recent launches

■ **Public:**

- Average circulation of over 380,000 paid-for copies (DSH)
- Over 1,150,000 readers in first readership survey (AEPM 2004)
- Advertising revenues ahead of expectations
- Website: 80,000 single hits and 2.5 million pages viewed per month

■ **Choc:**

- Average circulation of over 360,000 in 2005 (DSH)
- Very positive impact on 2005 results: title profitable after just six months
- Website launched and mobile internet services set up

■ **Psychologies Magazine:**

- Good circulation growth (averaging over 340,000 in 2005)
- Success of small format, which sold over 110,000 copies
- Joint development of magazines and websites

→ MAGAZINE PUBLISHING: INTERNATIONAL

- **USA:** Higher circulation sales due to launches (« For me ») and change in publication frequency, especially for Home & Interior titles
- **Italy:** Restructuring of all businesses, reorganization of Hachette Rusconi
- **Spain:** slight rise in sales for Hachette Filipacchi Espagne thanks to launches
- **Japan:** Hachette Fujingaho profit preserved by rationalization
- **UK:**
 - Children's market under pressure from free supplements
 - Good performance by women's magazines and soap titles
 - Slowdown in advertising market in the second half
- **Russia:**
 - TV guides conquering more cities
 - Rollout of « Psychologies Magazine » in 2005
- **China:**
 - Plan to launch « Psychologies Magazine » in 2006
 - Investment in promotion and editorial content

→ REGIONAL DAILY PRESS AND SUPPLEMENTS

- Regional daily circulation under pressure in 2005
- Circulation sales pushed up by price increase
- Growth in local advertising
- Industrial plan launched in Marseille: new presses in 2006
- « Version Femina » tops 10 million readers
- « TV Hebdo » sales maintained, new version in preparation for 2006

→ OTHER ACTIVITIES

- Photo Agency division:
 - like-for-like sales higher than in 2004
 - potential new partners under consideration
- Further growth in licensing activities, especially in Asia

→ 2006 OUTLOOK

- Success and continuation of investment in magazine editorial
- Using the internet as a growth driver (digital broadcasting, traffic sites)
- Ongoing investment in industrial plant in regional daily press



→ OVERVIEW

■ 2005 performances:

- Net sales: up 2.0% on a like-for-like basis
up 2.7% on a reported basis
- Recurring EBIT before associates: up 5.5%

■ Strategic priorities for 2005:

- Build up the business of our flagship chains
- Develop new sales concepts
- Gain or renew concession contracts at transport hubs
- Strengthen positions in Asia/Pacific

■ Market context in 2005:

- Continued upturn in air passenger traffic
- Resumption of activity at Roissy terminal E2 postponed until mid-2008
- Airport security procedures still tight
- Decline in press markets in many countries

→ PRESS DISTRIBUTION

Decline in all press distribution activities (down 1% at constant exchange rates)

■ Spain:

- Slight dip in sales (down 3.1%) relative to an exceptional 2004
- Big drop in part-works sales (down 22.6%)
- Satisfactory growth in magazine business (up 4%)

■ United States:

- Consolidated sales down 1.7% at constant exchange rates
- Major new accounts won by Curtis in 2005, but not enough to offset downtrend in press market

■ Switzerland, Belgium and Hungary:

- In Switzerland, Naville distribution sales down 3.7%
- In Belgium, AMP distribution sales down 1.6%
- In Hungary, sales up 4.2%

→ TRAVEL RETAIL

■ Relay:

- Sales were flat in France, with managed sales just 0.2% higher
- Progress in other European countries (up 4.7%):
 - Germany: sales up 10.5%
 - Spain: sales up 2.7%
 - Belgium: sales up 2.9%
 - Switzerland: flat sales (-0.1%)
 - Poland: sales up 27%
 - the Czech Republic: sales up 33%
 - Hungary: retail sales up 2.4%
 - successful tenders in Spain (Barajas, Renfe) and Germany (Berlin train station)
- Further recovery in the North American retail business
- Strong growth in Asia/Pacific, mainly through the buyout of all WH Smith outlets in Australia and Hong Kong (sales up 36.7%)

■ Aelia:

- Consolidated sales up 7.8% in 2005
- Roissy 1 concession won in a joint venture with ADP
- Successful tender to run the duty-free sales business at Marseille airport

→ BOOK, VIDEO AND MULTIMEDIA RETAILING

■ Virgin:

- Virgin Megastore overall store sales down 0.9% on 2004
- Store sales split between three products: music (30%), books (27%) and videos (23%)
- Strong growth for stores at transport hubs (up 38%)
- The VirginMega.fr pay-to-download site saw sales quadruple to 5 million downloads

■ Furet du Nord:

- Flat sales relative to 2004 (down 2.7% like-for-like)
- New outlet opened at Roubaix

■ Librairie Payot:

- Sales down 2.3% in 2005
- Bookstore opened at Yverdon

→ OUTLOOK FOR 2006

- Steady growth in core businesses and entry into new markets
- Retail: drive to consolidate business in Asia and Virgin brand activities in France, development of specialized outlets and rollout of new travel retail concepts
- Distribution: two major contracts were lost, one in the USA, the other in Belgium



→ OVERVIEW

■ 2005 performances:

- Net sales: up 9.2% on a like-for-like basis
up 11.3% on a reported basis
- Recurring EBIT before associates: up 27.5%

→ RADIO AND RADIO ADVERTISING SALES HOUSES

- Sales 13.3% higher than in 2004
- In France, sales were flat overall
- International radio sales were up 26.9% on a like-for-like basis, mainly thanks to good results in Russia

■ Audience figures:

- The most recent audience figures published by Médiamétrie (Nov-Dec 2005 for 13+ age group) show the following trends relative to the same period of 2004:
 - Europe 1 (audience share 8.0%) static
 - RFM (audience share 3.6%) slightly down
 - Europe 2 (audience share 2.9%) down

■ Outlook for Radio:

- The Radio business in France dependent on an advertising market with poor visibility
- LARI well placed to benefit from the expected growth in 2006 in countries where it operates

→ TELEVISION

- Net sales 10.3% higher than in 2004
 - Good performances on the Production side, especially for GMT Productions (a feature-length movie: *Boudu*, and an international coproduction: *D'Artagnan and The Three Musketeers*, both delivered in 2005)
- **Digital Terrestrial Television:**
- Launch in October and November of two new channels on free-to-air DTT
 - Europe 2 TV: music channel aimed at young adults
 - Gulli: children's channel produced jointly with France Télévisions
 - Canal J broadcast on pay DTT since November 2005
- **Outlook for Television:**
- After the exceptional level reached in 2005, the Production business is likely to return to the 2004 level
 - In 2006, the Theme Channels Production business will be hit by the full-year impact of DTT, which is not expected to break even for another 4-5 years

→ NEW MEDIA

- Net sales up 7.3% on 2004
- Growth mainly due to expansion of mobile business

■ **United States:**

- Launch of *BlingTones* at end 2004, first Rap/R&B label
- 2005 launch of *Barrio Mobile*, which specializes in Hispanic music

■ **France:**

- Plurimedia, specializing in mobile content production and distribution
- One of the top three download content producers (logos, ringtones)

■ **Germany:**

- Légion: market leader in interactive and voice media services, mainly operating in Germany
- Decrease in sales of 9.0% relative to 2004

■ **Hachette Multimédia:**

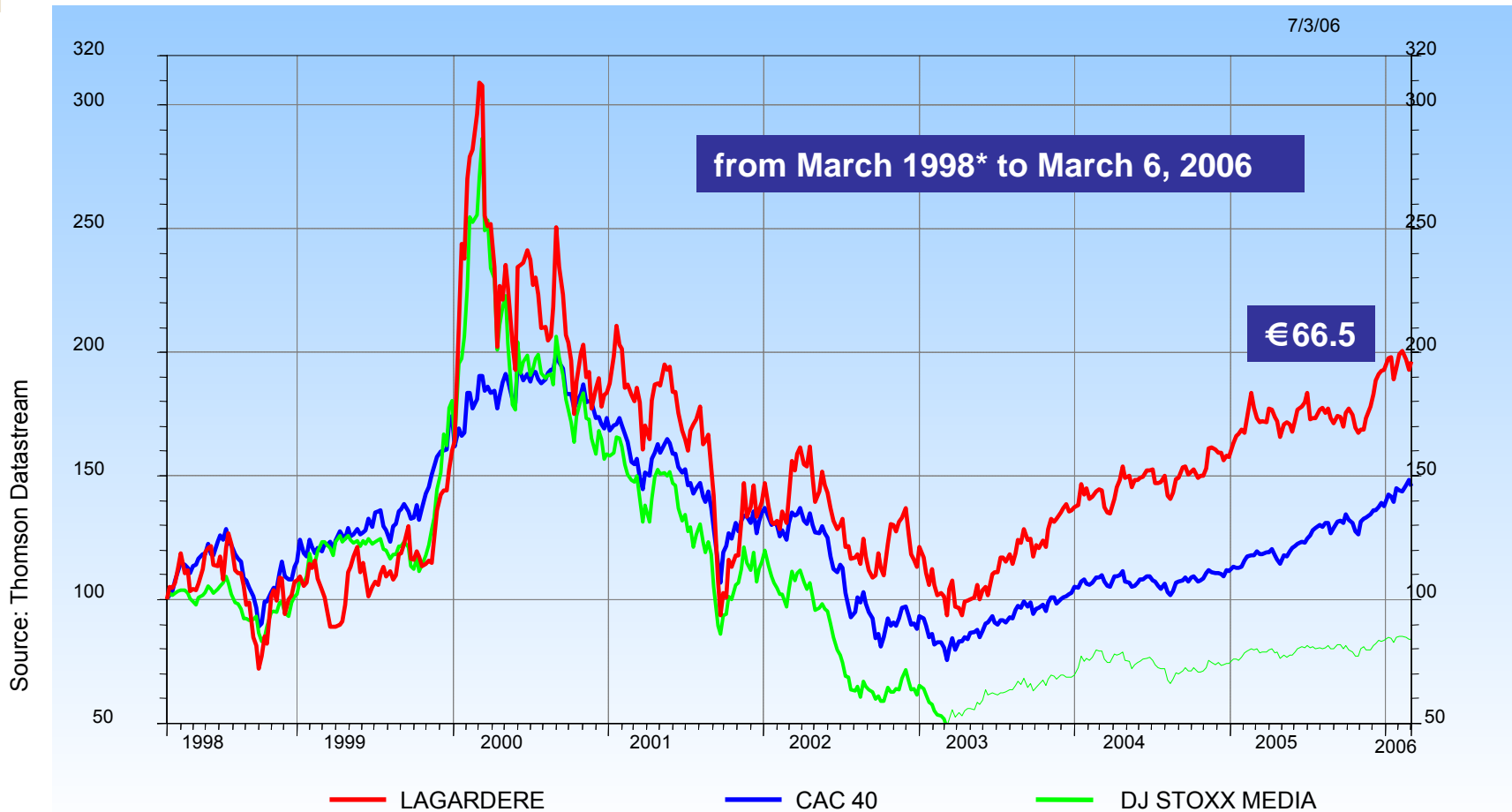
- Further decline in the French CD-Rom market, other than games
- Sale of the CD-Rom distribution business to Emme group
- Agreement leading to the merger of sales forces and of the two catalogues



Lagardère share price performance

LAGARDERE share price –

Lagardere vs « CAC 40 » & « DJ STOXX MEDIA »

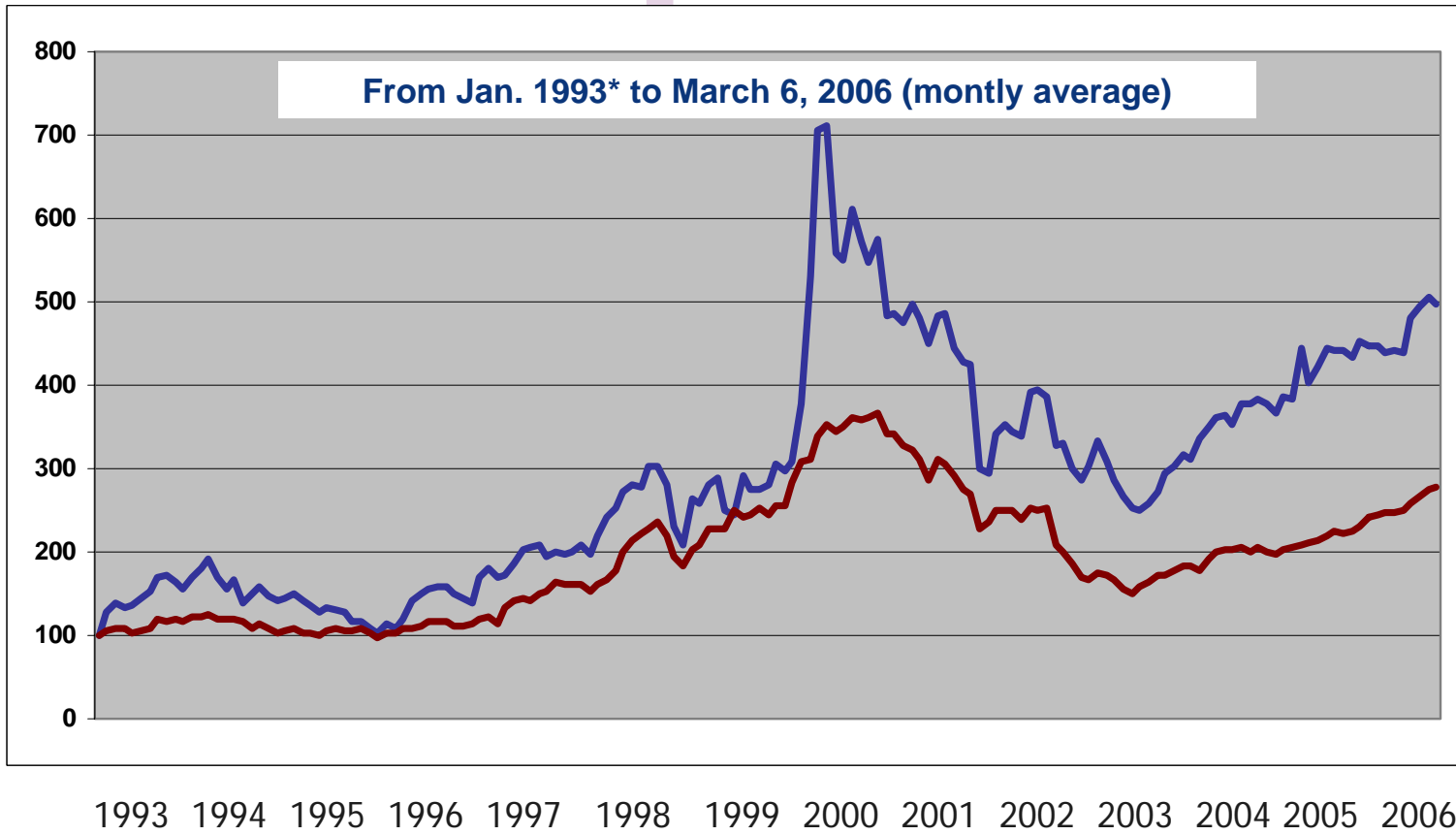


* Arnaud Lagardère appointed as General Partner and head of Lagardère Media

→ 2005 full-year Results

Lagardère

Share price performance - Lagardère vs. CAC 40



LAGARDERE

CAC Index

January, 1993* - Share price base: 100 = € 13 (FRF 85)

* Dec. 1992 - Merger of Matra and Hachette leading to the formation of Lagardère

→ 2005 full-year Results

