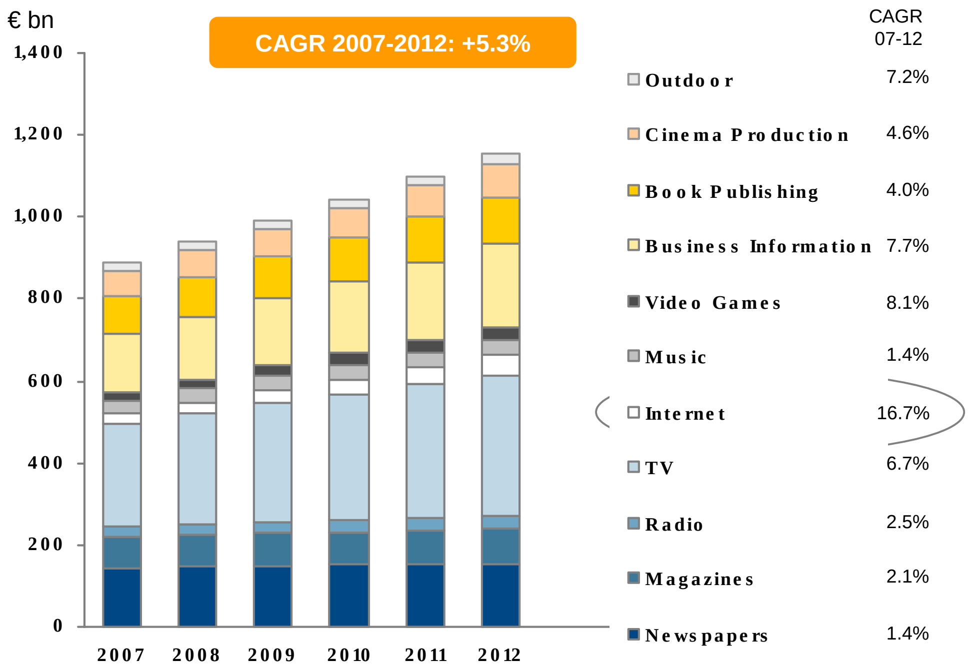
Lagardère

The Lagardère Business Case: digital expansion of a media group

17/01/2008

The internet represents the biggest growth opportunity in advertising markets for the 2007-2012 period

Media market share 2007-2012



Sources: Veronis Suhler Stevenson, Bear Stearns, Crédit Suisse, FIPP, Informa, TNS Media Intelligence, BIPE, Xerfi, Exane BNP Paribas, Société Générale, PWC, Jupiter, Forester, Arthur D. Little analysis

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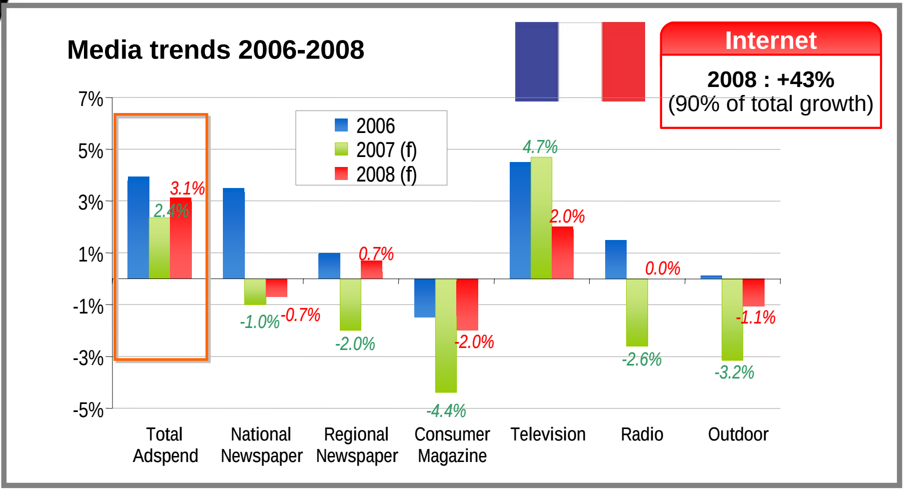
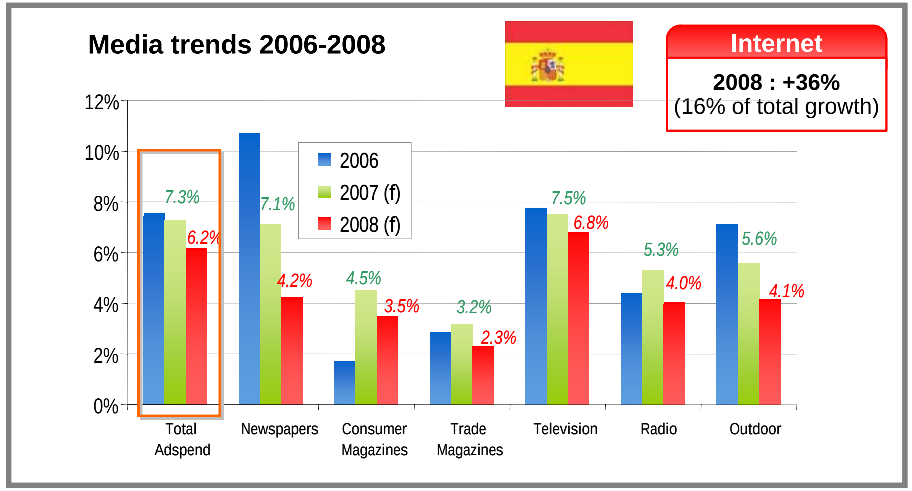
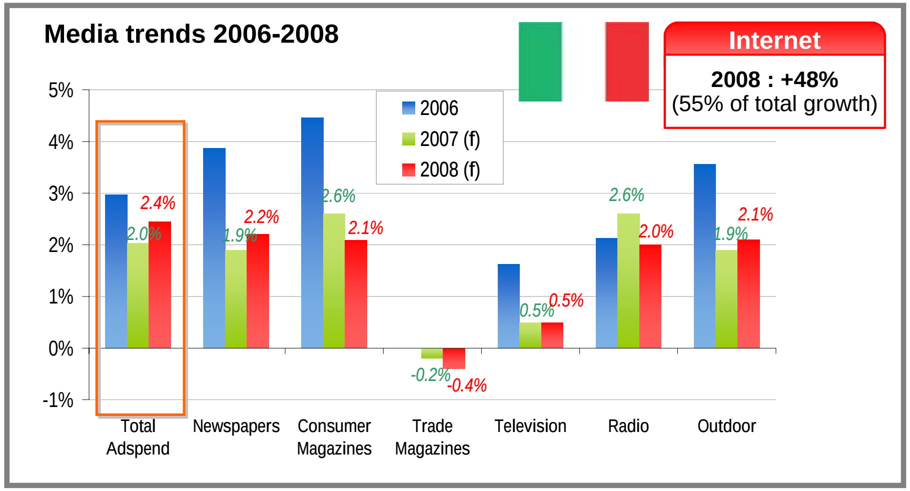
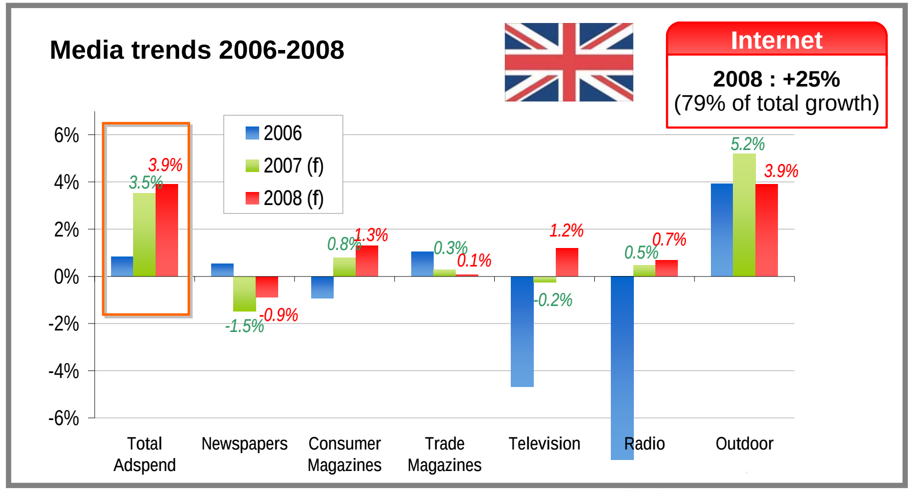
Internet growth: a major factor in all Lagardère countries (1/2)









Source: Ad Barometer

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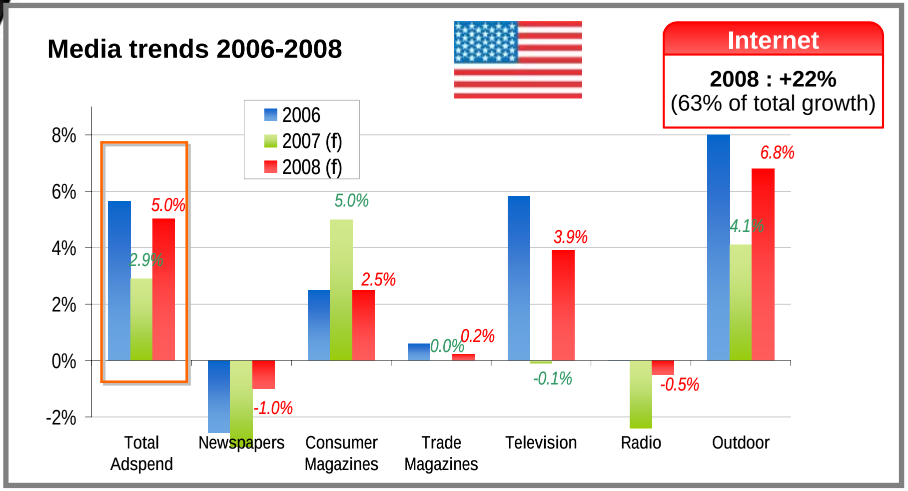
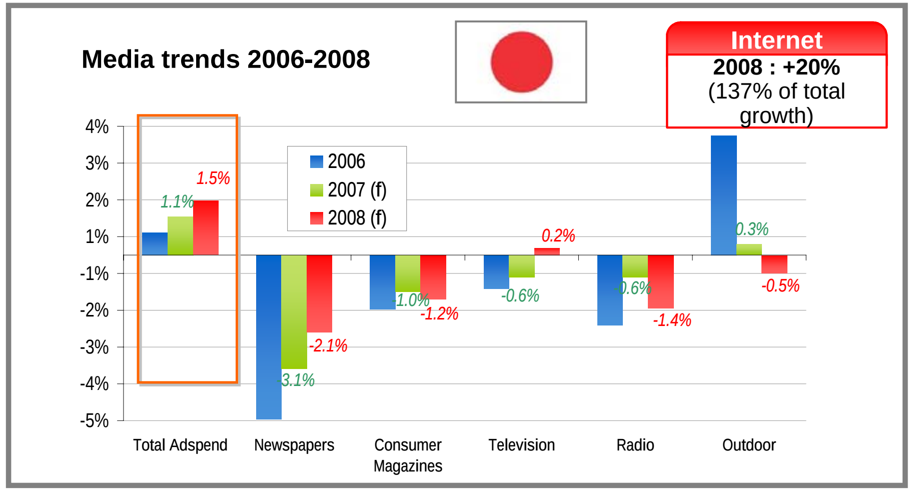
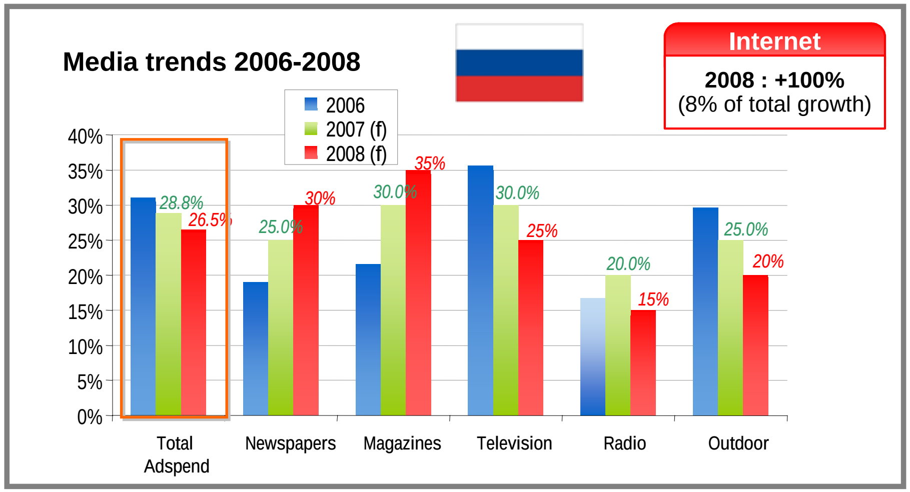
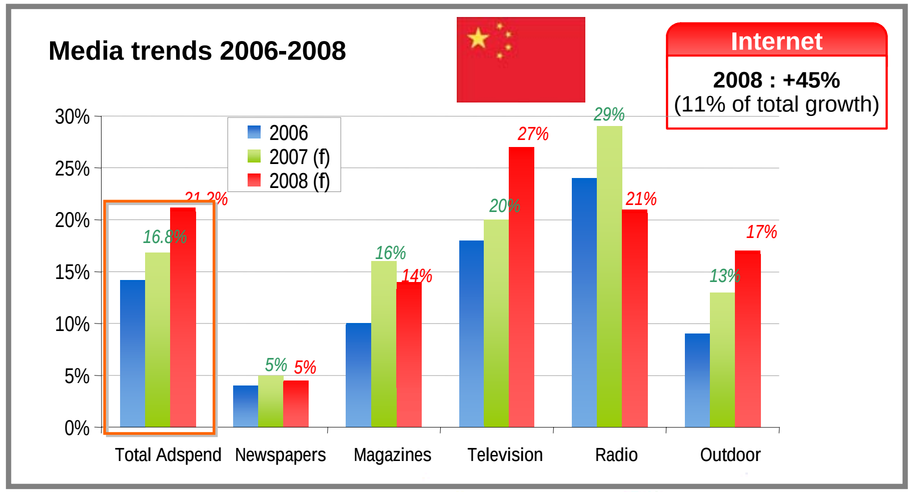
Internet growth: a major factor in all Lagardère countries (2/2)





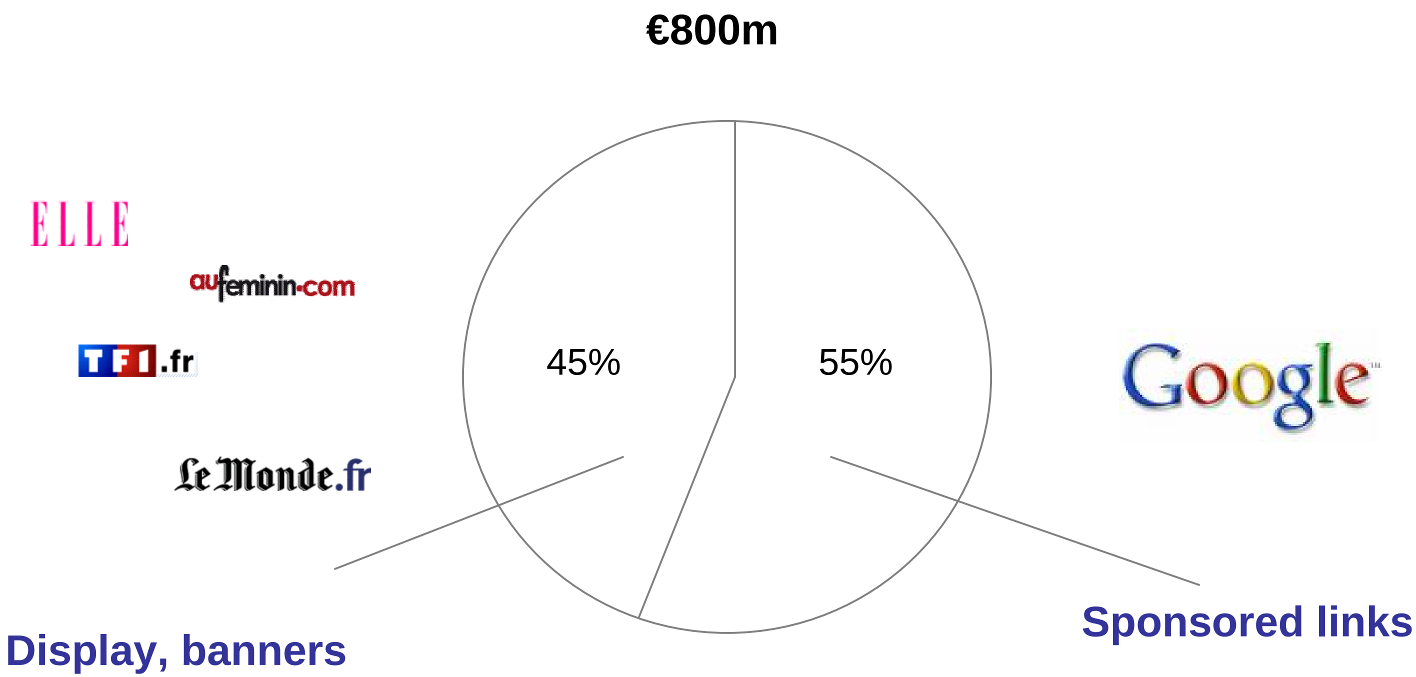




Source: Ad Barometer

Stand-alone media groups have access to less than 50% of the global value of the internet advertising market

Average position in the French internet advertising market, 2007



€800m: advertising market excluding CRM activity
Market share: Lagardère estimate

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The online advertising value chain is moving very fast

Online advertising value chain

	Demand		Supply	
Advertisers	AGENCIES: Advertising agencies	AGENCIES: Online marketing agencies	Advertising network operators	Publishers

Reconfiguration along the entire value chain

Selected players	ZenithOptimedia, DIGITAS, AzoogleAds (The leading performance based marketplace), fullsix, Business Interactif, QUINSTREET	bluelithium (Reinventing the ad network), Google, ValueClick, DoubleClick, hi media, ad pepper, zanox (we create partners)	ELLE, aufeminin.com, TF1.fr, Google, Le Monde.fr

Recent moves

- WPP / buy 24/7 Media – 05/07 – $649m
- Google / DoubleClick – 04/07 – $3.1bn
- Publicis / Digitas – 12/06 – $1.15bn

- Yahoo / Rightmedia – 04/07 – $680m
- AOL / Advertising.com – 04/06 – $393m
- AOL, TradeDoubler – 03/07 – $900m
- Axel Springer / Zanox – 05/07 – $214m

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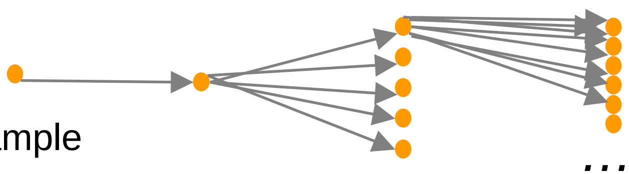
Within the digital space, media agencies and sales houses take a hefty slice of revenues compared with media groups

Where the money goes….

Display market

Illustration

Example



	Advertiser	Agency	Sales House	Publisher
Number of players	1	1	5	1000 (1)
Share of total budget	N/A	25%	20%	55%
Share of budget for an average player	€100	€25	€4	€0.22 (1)

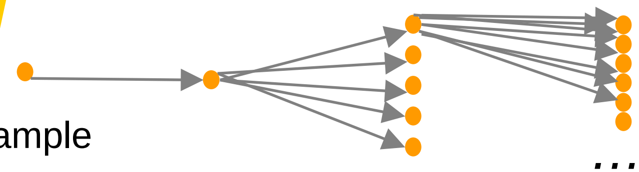
\+ **Revenue** -

(1) Assumption: 20% of publishers take 80% of the audience: share of value for the biggest 20%

Search engine market

Illustration

Example



	Advertiser	Agency	Media Sales House	Publisher
Number of players	1	1	0	0
Share of total budget	N/A	25%	0%	0%
Share of budget for an average player	€100	€25	€0	€0

\+ **Revenue** -

(1) Assumption: 20% of publishers take 80% of the audience: share of value for the biggest 20%

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Cross-media is becoming a reality as fast as expected

French example

- 4% of Lagardère Publicité 2007 sales could be regarded as cross-media (i.e. more than 2 media involved)
- €6m generated in 2007 (€2m in 2006, €0m in 2005) from campaigns involving more than 3 different media
- More than 25 campaigns worth more than €250k each in 2007
- Cross-media gives opportunities for partnerships with third parties, e.g. TF1, FTV, 20 minutes
- 100% of these campaigns have an internet tie-up

Digital – a key challenge for media groups, but also a superb opportunity for expansion:

- the internet is already a large market, and still growing – and mobiles will be next
- digital activities are easier to roll out internationally than traditional media activities
- the digital revolution creates new business opportunities in selected value chains (cross-media, interactive agencies, etc)
- brands are holding and even building value in today’s fragmented but increasingly globalized world

Focus on 3 key drivers to expand our digital business

Objective: digital developments = 10% of Group revenues in 2009

Digital developments

Organic growth	Acquisitions	Partnerships

Focus on 3 key drivers to expand our digital business

Digital developments

Organic growth	Acquisitions	Partnerships

Organic growth is fueled by key brands…

internet

New website road-map

France | International

Jan 07	Feb 07	Jul/Aug 07	Oct 07	Q4 07
ELLE	Le Journal du Dimanche	PARENTS	Télé 7 Jours	Version femina
PREMIERE			Paris Match	TiJi

New projects

Oct 07	Q4 07
Jm'en M@il!	musiline

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… boosted by selected acquisitions

internet

Who did what?

France | International

Jan 07 | Feb 07 | Jul/Aug 07 | Oct 07 | Q4 07

Thotnet
Acquired Sep 2006

ELLE
PREMIERE
PARENTS
Jm'en M@il! *
télé 7 jours
Version femina
Tiji

Newsweb
Acquired Dec 2006

Le Journal du Dimanche
Paris Match

Internal development

musiline
Lagardère Active

* Check name

We are building key competencies through acquisitions and recruitment…

- Technical development based on a shared platform used globally and locally (EZ Publish Technology)
- Cost-effective way to build high-quality content
- Control over key strategic competencies (natural referencing, media space buying, web community development)
- Core competencies in partnerships and mobile development
- Effective links with representatives of “old media” brands

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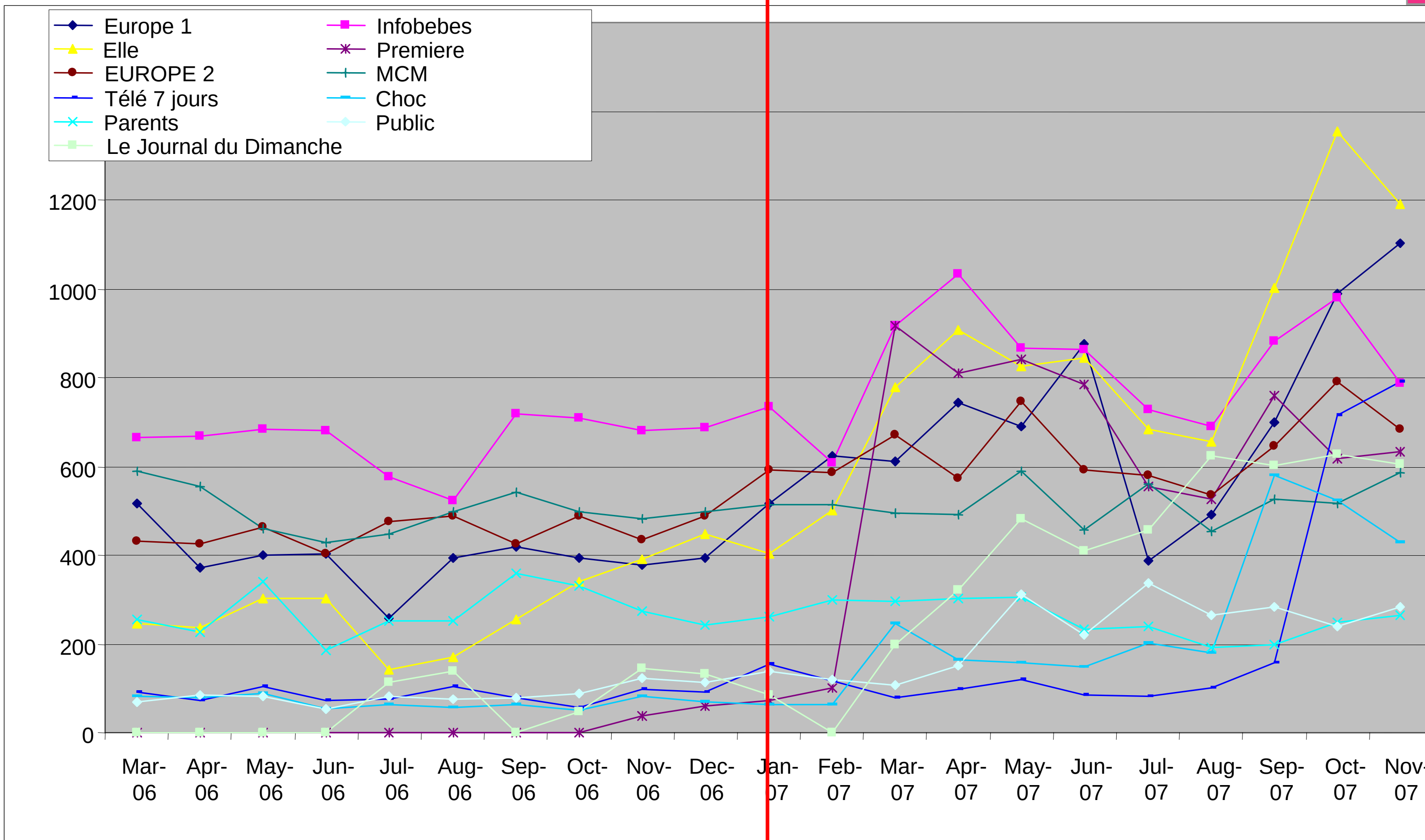
… to create real momentum in audience development, especially in France

France



Source: Nielsen 11/07

We gained 41 places in the Nielsen rankings in 2007 vs 2006

Site	Visiteurs uniques en MVu			Position	
	nov.-06	nov.-07	Evolution Nov 06 - 07	nov.-06	nov.-07
Google	18,8	22,6	20%	2	1
Microsoft	19,2	21,4	11%	1	2
France Telecom	15,7	17,7	13%	3	3
Iliad	13,6	14,6	8%	4	4
PagesJaunes	11,0	12,8	17%	6	5
PPR	10,7	12,7	19%	7	6
eBay	10,5	12,7	20%	8	7
Yahoo!	11,0	12,4	12%	5	8
Groupe TF1	6,6	10,4	57%	12	9
Wikimedia Foundation	-	10,1	-	-	10
Benchmark Group	7,5	9,6	27%	9	11
Time Warner	6,7	8,0	20%	11	12
Groupe Lagardere	**3,0**	**7,6**	**156%**	**54**	**13**
PriceMinister	4,3	7,2	66%	34	14
Dailymotion	3,0	6,9	129%	52	15
Next Radio TV	-	6,9	-	-	16
Lycos Europe	6,3	6,8	8%	13	17
OTTO	-	6,7	-	-	18
La Poste	5,4	6,5	21%	19	19
SNCF France	5,7	6,4	12%	16	20
Doctissimo	-	6,4	-	-	21
Credit Agricole	5,5	6,3	16%	18	22
Groupe Casino	5,8	6,3	9%	15	23
Amazon	5,1	6,2	22%	21	24
auFeminin	4,8	6,2	29%	24	25
Groupe Orbus	5,0	6,2	22%	22	26
Neuf Cegetel	3,0	6,0	101%	53	27
Vivendi Universal	4,3	6,0	42%	36	28
Bestofmedia Group	4,0	5,8	43%	38	29
Cyrealis	4,0	5,7	42%	39	30
Emule-Project.net	5,6	5,6	0%	17	31
Groupe Auchan	4,5	5,6	24%	32	32
Apple Computer	4,5	5,5	22%	29	33
Commentcamarche	2,6	5,3	103%	65	34
Ministere de l'Education Nationale	4,8	5,2	9%	26	35
Societe Generale	4,7	5,2	12%	27	36
M6	4,6	5,2	13%	28	37
Bertelsmann	2,3	5,2	124%	72	38
Telecom Italia	5,3	5,1	-4%	20	39
Michelin	4,1	5,1	23%	37	40
AlloCine	4,3	4,9	14%	35	41
Groupe Figaro	3,2	4,8	51%	50	42

Site médias	Visiteurs uniques en MVu			Position	
	nov.-06	nov.-07	Evolution Nov 06 - 07	nov.-06	nov.-07
Groupe TF1	6,6	10,4	57%	1	1
Groupe Lagardere	**3,0**	**7,6**	**156%**	**7**	**2**
Next Radio TV	0,5	6,9	1376%	15	3
Groupe Orbus	5,0	6,2	22%	2	4
Vivendi Universal	4,3	6,0	42%	4	5
M6	4,6	5,2	13%	3	6
Bertelsmann	2,3	5,2	124%	9	7
Groupe Figaro	3,2	0,5	-85%	6	8
francetélévisions	3,8	4,6	21%	5	9
Le Monde	2,6	4,0	54%	8	10
Roularta	1,8	2,4	37%	11	11
NRJ Global	0,1	1,6	1189%	13	12
Radio France	1,3	1,5	16%	12	13
Mondadori		0,9			14

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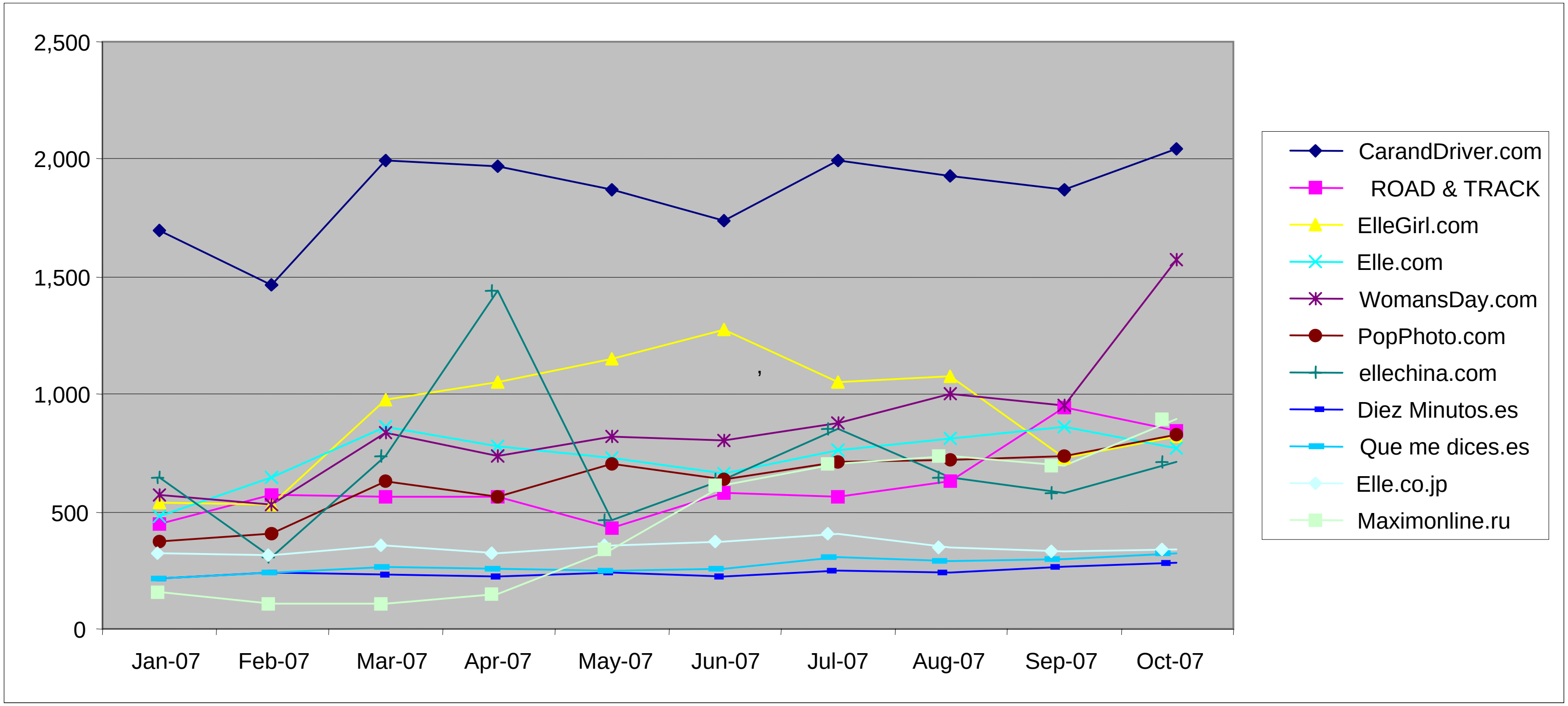
Internationally we have made progress, especially in the USA…

International

‘000s of UVs per month



Source: Webtrends 2007

…with a strategy focused on two key core segments.

internet

France | **International**

Women's Upscale

ELLE

- Ongoing relaunch of Elle web sites internationally, based on the same core platform.
  - UK (08/07), Italy (09/07), Spain, Russia, China, Japan, etc
  - Maximum synergies with French-language rollouts
    - Cost synergies
    - Same infrastructure
    - Shared content

Automotive

CAR AND DRIVER

- New website in the USA Jan 2008
- Same infrastructure as Elle
- Worldwide rollout based on US development
- Leverage of Jumpstart assets

Other key developments

- **US - Pointclickhome.com**:
  - Launched May 07: home & gardens content
  - Pure online strategy leveraging offline brands
  - Clear leadership ambition in this segment
- **UK - Sugarscape.com**:
  - launched Dec 07
  - community website for 11-18 year-olds

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In parallel, we are developing a new focus on mobile

mobile

- 2008 is a breakthrough year for the industry
  - bandwidth
  - new handsets
  - new tariffs and business models (triple play tariffs)
  - from a pay-as-you-go business model to an advertising-driven model

- Main developments in Women's and Auto segment:
  - France: Elle à table, Elle Astro, etc
  - USA: ellegirl, elle.com, car&driver

- Lagardère's strategy:
  - advertising-based
  - integrated approach, at least at regional level
  - first move into wap and html services
  - follow-up focus on handsets and mobile operating systems (mobile widgets, on-device portals)

ELLE ASTRO

ELLE love& sexe

ELLE MOBILE

Focus on 3 key drivers to expand our digital business

Digital developments

Organic growth	Acquisitions	Partnerships

Key acquisitions to strengthen our positions in the online advertising value chain

Online advertising value chain

Demand | Supply

Advertisers

AGENCIES
- Advertising agencies
- Online marketing Agencies

Advertising network operators

Publishers

3 key acquisitions
H1 2007

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NEXTEDIA

jumpSTART AUTOMOTIVE MEDIA

iD Régie

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3 key assets have been acquired

Jumpstart Automotive Media

- Leading online advertising player in the US automotive market
- $17m revenues in 2006
- 5m UVs (Comscore)
- Direct relationship with 1,200 local dealers, 250 Regional Dealer Associations
- 67 employees

Nextedia

- France's leading independent interactive agency
- €10m gross profit in 2006
- Founded 2005
- 250 employees

iD Régie

- Independent French online media sales house
- Sells advertising on ~30 sites: Price Minister, Alapage, LDLC, Top Achat, EasyFlirt, Netclub, Hardware, etc
- Founded 1999
- €1.1m gross profit in 2006
- 11 employees

Rationale

Jumpstart:

- Jumpstart/HFM US synergies
  - Leverage of Jumpstart business
  - Leverage of HFM US content/ database
- HFM US/Jumpstart in top 5 of US specialist automotive market networks

Nextedia:

- Move up the value chain
- Maximizing synergies with other Lagardère assets
  - Media space buying
  - Referencing, web communities, CRM
- Control by Lagardère over core competencies (referencing, web communities, etc)

iD Régie:

- Enhance Lagardère Publicité offerings (adds 12m UVs/month):
  - Competencies
  - Technology (adserving,etc)
- Database sales house

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Focus on 3 key drivers to expand our digital business

Digital developments

Organic growth	Acquisitions	Partnerships

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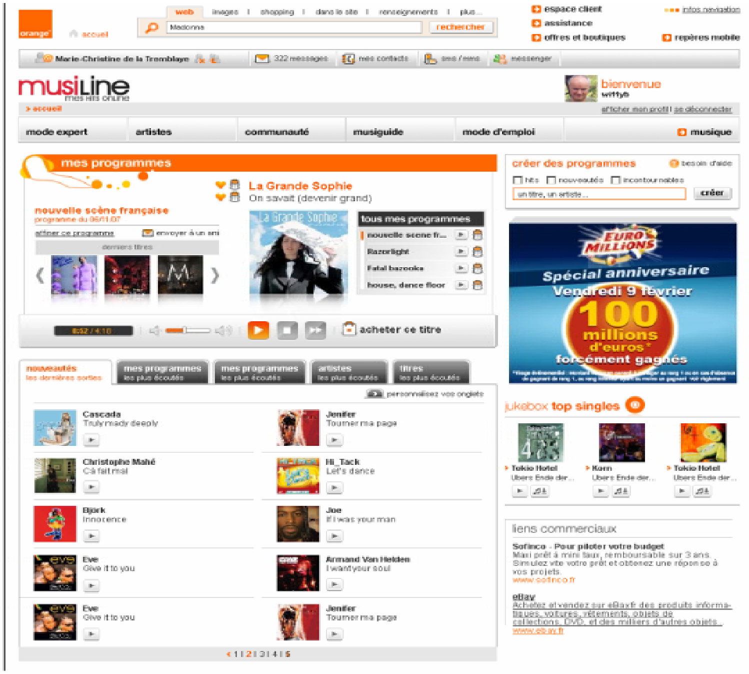
Partnerships are key for media groups



Public TV avec YAHOO!

YouTube Broadcast Yourself™

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Summary: where we are now… and where we want to be

	French market:- now	International market: now	Our target
Online Market Power	+	-	++
Brands	++	++	++
Community building	--	--	+
Technology	+	+	+
Footprint	N/A	+	++
Ability to monetize	+	-	++
Coverage of market	+	-	++

Thank You