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## PRESS RELEASE

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### Quarterly Information – First quarter 2012

**Recurring EBIT<sup>(1)</sup> from Media activities guidance unchanged**

**Slight decrease in activity in an uncertain European economic environment**

**First quarter 2012 net sales: €1,579m (-2% on a like-for-like basis<sup>(2)</sup>)**

**Paris, May 10, 2012**

In the first quarter 2012, the economic backdrop proved uncertain, in particular in Europe, resulting for the Lagardère group in pressure on the advertising market and slackness in consumption. In this context, **the Group activity shows however good resilience, with a limited dip in net sales (-2% like-for-like)**, mainly attributable to the less favourable sporting events calendar effect on the Lagardère Unlimited division, which was expected by the Group.

#### **First quarter 2012:**

**First quarter sales totalled €1,579m**, versus €1 805m in first quarter 2011. The variance between the reported data and like-for-like data was due to a favourable exchange effect (€12m, with notably the rising US dollar and Swiss franc) and above all a negative scope effect (€206m), due mainly to disposals at Lagardère Active.

- **Lagardère Publishing:** net sales of €394m (+0.9% in reported data, -0.3% like-for-like). Stable activity overall: the downturn in activity in France (-3.5%) and Spain (-11.6%) was offset by good sales performance in the United States (+2.8%) and Illustrated Books (+4.8%). E-Books continued their strong growth, reaching 9% of sales in Lagardère Publishing at the end of March 2012 (vs. 6% in 2011).
- **Lagardère Active:** net sales of €207m, down (-5.3% like-for-like), due specifically to the advertising market's negative trend in France and the erosion of circulation. Due to the disposal of International Magazine Publishing (PMI) and Radio businesses in Russia, the variation in reported data is irrelevant.
- **Lagardère Services:** net sales increased to €877m (+1.6% in reported data and +2.4% like-for-like), with the jump in Retail (+5.9%) more than offsetting the decline in Distribution.
- **Lagardère Unlimited:** net sales of €101m, down (-25.8% in reported data, -28.3% like-for-like), due primarily to a less favourable sporting events calendar effect. Stripping out that effect, activity was stable in the first quarter.

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<sup>(1)</sup>Recurring EBIT before contribution from associates: see definition at end of press release.

<sup>(2)</sup>At constant perimeter and exchange rate.

## I. GROUP CONSOLIDATED NET SALES AND ACTIVITY

	Net sales (€m)		Change	
	Q1 2011	Q1 2012	Reported change 2012/2011	Like-for-like change 2012/2011
<b>LAGARDÈRE</b>	<b>1,805</b>	<b>1,579</b>	<b>(12.5%)</b>	<b>(2.0%)</b>
Lagardère Publishing	390	394	0.9%	(0.3%)
Lagardère Active	416	207	(50.0%)	(5.3%)
Lagardère Services	863	877	1.6%	2.4%
Lagardère Unlimited	136	101	(25.8%)	(28.3%)

### > Lagardère Publishing

With activity generally stable, Lagardère Publishing showed greater resilience than the market, which posted a sharper downturn. The foreign exchange effect was slightly positive.

Note that the first quarter has traditionally less clout than other quarters in terms of the division's annual business: it represented only 19% of total sales in 2011.

Downturn in activity in France (-3.5%), specifically in General Literature with book returns on the rise (probably related to the change in VAT rates), and in Education due to an unfavourable comparison effect (atypical sales in Q1 2011). Distribution was down as well (-3.6%), specifically in Switzerland, due to reduced prices and volumes. Illustrated Books showed on the contrary good momentum in sales (+4.8%), in particular thanks to the success of the Marabout's collections in France.

Activity was also down in Spain (-11.6%) in difficult market conditions.

In the United Kingdom/Commonwealth area, activity is almost stable (-0.4%), with continued difficulties on the Australian market (failure of Redgroup early 2011). Note the very sharp rise in e-books, which now account for 25% of Adult trade sales<sup>(3)</sup> (vs. 10% in 2011).

Good performances in the "Encyclopaedias & Collections" segment, notably in Japan.

Good performance in the United States (+2.8%) due to steady growth in e-book sales, now at 28% of net Adult trade sales in the US (vs. 20% in 2011).

### > Lagardère Active

Net sales totalled €207m (-5.3% like-for-like, -50% on a reported basis). The variance between reported data and like-for-like is due essentially to a scope effect following the disposal of International Magazine Publishing (PMI) and Radio businesses in Russia in 2011.

Note that the first quarter has traditionally less clout than other quarters in terms of the division's annual business: it represented only 21% of total net sales in 2011 (non-PMI). Also notable was **an unfavourable comparison effect with Q1 2011**, which was the most buoyant that year.

The decline in sales was caused mainly by a negative trend in the advertising market at the beginning of this year, both in France and in Eastern Europe, as well as continued erosion for magazines circulation (with however an increase in market shares for our titles on their reference segment). Throughout the Lagardère Active division, advertising sales were down 7.2% and broadcasting sales down 4.8%.

France Magazine Publishing also posted a drop of 5.1% due to a drop in advertising performances, as did Radio in France (-9.3%) and Eastern Europe (-10.3%).

TV Production posted a temporary slowdown (-2.5%) due to delayed deliveries that will be caught up on in 2012.

TV activities are on the rise (+2.9%), with good performances in advertising sales brokerage for Gulli.

<sup>(3)</sup> Books meant for the general public – Adult.

## > Lagardère Services

Division activity is growing constantly (+2.4% on a like-for-like basis), with **the growth in Retail activities more than offsetting the downturn in Distribution**. The unfavourable variance between reported data and like-for-like is due essentially to a negative scope effect related to the consolidation under equity method of Relay's businesses in Aéroports de Paris (-2.3%), and to a lesser extent of Lyon Duty Free and Alitalia and Iberia in-flight sales activities.

### **Retail (+5.9%, including +8.9% for Travel Retail):**

Strong growth in France (+9.1%), specifically thanks to strong growth in Duty free activities (+20.4%) and to the efforts in product diversification and concepts at Relay France (+3.5%).

Growth was also steady in the rest of Europe (+4.3%), with good performance in the United-Kingdom, Poland, and the Czech Republic. The Asia-Pacific area dynamic (+5.3%) is driven by the good performances of The Fashion Gallery in Singapore, opened in late 2010.

These performances clearly demonstrate the success of the Lagardère Services strategy: growth in Travel Retail and diversification towards new products and concepts.

### **Distribution (-6.2%):**

Continued downward trend, with a sharper decline in paper products this quarter due to the aggravated economic crisis in Spain. Unfavourable change effects in Switzerland to be noticed.

## > Lagardère Unlimited

Net sales totalled €101m (-25.8% in reported data and -28.3% like-for-like). The variance between reported and like-for-like data is due to a favourable foreign exchange impact.

**This decline is explained primarily by an automatic calendar effect** related to the non-occurrence in 2012 of the Asian Cup for World Sport Group and the qualification matches for the final phase of UEFA Euro 2012™ at Sportfive, which was not entirely offset by the 2012 occurrence of the Africa Cup of Nations or the qualification matches in Asia for the Olympic Games.

Without this calendar effect, that was expected, activity is stable, with commercial issues encountered by IEC in Sports (already known) being offset by good performances by Sportfive in the sale of German clubs marketing rights.

## II. **Key events since January 1, 2012**

**On April 11, 2012, Hachette Book Group has negotiated a settlement with the U.S. Department of Justice (DoJ) on e-book sale price-fixing.** According to the terms of that agreement, the agency contract with distributors is being maintained, but those distributors may offer customers discounts within certain limits and during a two year period following the enforcement of new contracts.

**On April 12, 2012, Lagardère Publishing announced that J.K. Rowling's new novel, *The Casual Vacancy*, would be published in English by Little, Brown on September 27, 2012.** The Lagardère group also obtained the publication rights in French (Grasset and Le Livre de Poche) as well as in Russia (Atticus).

**On May 7, 2012, the Group (acting for the account and on behalf of its division Lagardère Active) launched a voluntary Contractual Offer on the Shares of LeGuide.com, the leading online shopping guide on the European market.** This offer, made in cash for a purchase price of 24 Euros per share, is opened from 9 May 2012 to 12 June 2012, and is the subject to the condition that the shares tendered represent at least 51% of the share capital. It offers an immediate liquidity to the shareholders of LeGuide.com and a significant premium, of 31.2% on three months average, 25.4% on one month average and 20.5% on LeGuide.com's closing stock price on 4 May 2012.

### III. Outlook

#### ➤ Profitability

Traditionally, recurring EBIT before associates is insignificant as of the end of March, since Q1 accounts for a smaller proportion than other quarters.

The Group maintains at this stage the recurring EBIT guidance announced on March 8: for 2012, at constant perimeter (PMI and Russian radio excluded) and exchange rates, the recurring EBIT before associates from media activities should remain stable compared to 2011. This guidance is based on the hypothesis of a stable level of advertising sales for Lagardère Active compared to 2011.

Also, this guidance does not integrate the three following items for the Lagardère Unlimited division, still not foreseeable as of today:

- settlement of the claim with the French Football Federation;
- settlement of the litigation with the Board of Control for Cricket in India;
- negotiations related to the contract with the International Olympic Committee.

#### ➤ Financial position

The Working Capital Requirement is slightly improving in first quarter 2012 (compared to first quarter 2011), in line with the trend expected for 2012 full year.

The Group's financial position remains solid.

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### Investor calendar

- **Investor Half-Day** – “Lagardère Services, a leader in Travel Retail” in Paris, June 12, 2012, from 9 a.m. to 1 p.m.
- **2012 half-year results** on August 30, 2012, at 5:40 p.m.

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### For the Record: Recurring Media EBIT definition

Recurring Media EBIT of consolidated companies is defined as the difference between result before financial charges and tax and the following items of the profit and loss statement:

- contribution of associates;
- gains or losses on disposals of assets;
- impairment losses on goodwill, property, plant and equipment and intangible assets;
- restructuring costs;
- items related to business combinations:
  - expenses on acquisitions;
  - gains and losses resulting from acquisition price adjustments;
  - amortization of acquisition-related intangible assets.

*Lagardère is a pure media group (books, press, broadcast, digital, travel retail and press distribution, sport industry and entertainment), and is among the world leaders in the sector.  
Lagardère shares are listed on Euronext Paris (Compartment A).*

**Important Notice:**

*Some 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.*

*Please refer to the most recent Reference Document (Document de référence) filed by Lagardère SCA with the French Autorité des marchés financiers for additional information in relation to such factors, risks and uncertainties.*

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

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