



## **Press Release**

**LAGARDERE MEDIA REPORTS STRONG OPERATING INCOME GROWTH: +13.8%**

**CONSOLIDATED GROUP OPERATING INCOME INCREASE +20.1% <sup>(\*)</sup>**

At its meeting on September 26, 2001, the Supervisory Board reviewed the financial statements for the first half of 2001, as presented by Jean-Luc Lagardère, General Partner and Chief Executive Officer, Arnaud Lagardère and Philippe Camus, General Partners and Co-Chief Executive Officers.

### **GROUP CONSOLIDATED SALES**

LAGARDERE **consolidated sales** amounted to 6.277 billion euros in the first half of 2001, resulting in an **increase of 11.6%** (compared to 5.627 billion euros in the first half of 2000 on a pro forma basis).

- **Lagardere Media** accelerated its organic growth in an increasingly difficult environment: +4.7% (vs. +3.6% a year ago).
- Matra Automobile maintained a stable level of sales: +0.1% on a like-for-like basis.
- On a pro forma basis, the High Technology segment performed strongly increasing its sales by 34%. This growth includes the impact of the full consolidation of Airbus activities from 80% to 100%.

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<sup>(\*)</sup> Vs. pro forma financials in the first half of 2000.

In the LAGARDERE consolidated pro-forma financials, the investment of 15.14% in EADS replaced the 33% in Aerospatiale Matra.

## **GROUP CONSOLIDATED OPERATING INCOME**

- **Lagardere Media**

**Lagardere Media operating income increased significantly: +13.8%.** It amounted to 140 million euros.

This growth is consistent with our commitment to increase Lagardere Media's operating income by at least 10% this year.

- The Book and Distribution & Services divisions were the main contributors to the growth increase : 42 million euros vs. *19 million euros in the first half of 2000.*
- Despite a deterioration of the North American advertising market, the Press division's operating income increased slightly versus prior year.
- Finally, Lagardere Active's operating income reflects the continued R&D investment to support the strong increase of activity in the Digital segment (thematic TV, interactive services...).

This overall performance reflects the initial results of the company's profitability improvement plan, which of course is continuing.

Lagardere Media's portfolio of businesses is well balanced between activities with little or no exposure to the advertising environment (Book, Distribution & Services, Thematic TV), and others which are more exposed (Press and Radio; or about 20% of Lagardere Media sales). It also has a diversified strategic global presence (43% in France, 36% rest of Europe and 21% rest of the world).

- **High Technology**

As anticipated, first half financial results were affected by a significant increase in the R&D investments, especially those linked to the A380 program. As stated earlier, EADS' operating income benefited from the full consolidation of Airbus activities from 80% to 100%.

*"Thanks to an overall good performance, EADS would have reached double digit operating income growth even without the full consolidation of Airbus"* said Axel Arendt, EADS, CFO. EADS contributed 29 million euros to LAGARDERE's first half 2001 consolidated financial results vs. *4 million euros in the same period in 2000 (pro forma financials).*

- **Matra Automobile**

The Espace has pioneered the minivan car segment and now its brand-name "Espace" is used in place of "minivan" in the European market. Despite facing an ever increasing competition, the Matra-Renault Espace performed exceptionally well.

The operating margin slightly decreased. Nevertheless, it remained at a high level (6.1%) despite industrial development investment and the launch of the Avantime, a totally new concept (a coupe minivan).

**Financial income has significantly increased** (+39 million euros vs. -11 million euros in the pro-forma financials results of the first half of 2000). It includes the capital gain realized from the sale of the EADS "excess shares" in January 2001 (+210 million euros before taxes), and also includes a provision for depreciation of T-Online shares (-157 million euros before taxes), which reflects their market value as of June 30, 2001 in the company's financials. Apart from those non recurring items, the company had increased interest expense mainly due to investments realized in the second half of 2000 (CanalSatellite and MultiThematiques among others), which in turn increased the income of companies consolidated under the equity method.

**The exceptional income** amounted to 290 million euros. It mainly benefited from a 349 million euros gain in LAGARDERE's consolidated financials, resulting from the creation of Airbus SAS which had a positive impact on EADS's financial result.

Taking into account all of these elements, the **net consolidated income** for LAGARDERE amounted to 404 million euros.

This good result reinforces the strength of LAGARDERE's balance sheet: stockholder's equity increased by 11% (vs. 12/31/2000), and the net cash position (cash net of debts) is now at 416 million euros.

The following figures are highlights of the **consolidated P&L**:

MILLIONS EUROS	2001			2000		
	LAGARDERE GROUP WITHOUT HIGH TECHNOLOGIES	HIGH TECHNOLOGIES	TOTAL LAGARDERE GROUP	LAGARDERE GROUP WITHOUT HIGH TECHNOLOGIES	HIGH TECHNOLOGIES PRO FORMA	TOTAL LAGARDERE GROUP PRO FORMA
<b>Sales</b>	<b>4,248.6</b>	<b>2,028.3</b>	<b>6,276.9</b>	<b>4,113.6</b>	<b>1,512.9</b>	<b>5,626.5</b>
<b>Operating income</b>	<b>167.8</b>	<b>28.8</b>	<b>196.6</b>	<b>160.0</b>	<b>4.2</b>	<b>164.2</b>
<b>Interest income (expense), net</b>	<b>31.0</b>	<b>8.4</b>	<b>39.4</b>	<b>(2.0)</b>	<b>(9.1)</b>	<b>(11.1)</b>
<b>Operating income after interest</b>	<b>198.8</b>	<b>37.2</b>	<b>236.0</b>	<b>158.0</b>	<b>(4.9)</b>	<b>153.1</b>
<b>Non operating expenses</b>	<b>(54.4)</b>	<b>344.4</b>	<b>290.0</b>	<b>1,128.2</b>	<b>(3.1)</b>	<b>1,125.1</b>
Preferred remuneration, net	(7.0)	-	(7.0)	(8.5)	-	(8.5)
Income taxes	(26.3)	(45.5)	(71.8)	(505.2)	(1.3)	(506.5)
Amortization of goodwill	(37.0)	(19.5)	(56.5)	(16.2)	(3.8)	(20.0)
<b>Net income before associates &amp; minority interest</b>	<b>74.1</b>	<b>316.6</b>	<b>390.7</b>	<b>756.3</b>	<b>(13.1)</b>	<b>743.2</b>
Net income from associates	12.7	5.8	18.5	3.3	9.1	12.4
Minority interests	(7.2)	2.1	(5.1)	(22.0)	2.2	(19.8)
<b>Net consolidated income</b>	<b>79.6</b>	<b>324.5</b>	<b>404.1</b>	<b>737.6</b>	<b>(1.8)</b>	<b>735.8</b>

Finally, LAGARDERE has put in place two new credit agreements for a total amount of 1.91 billion euros, of which 0.69 billion was drawn down as of June 30, 2001. These credit lines will mature in five to ten years and will provide LAGARDERE with a stable financing for its future development.

## **OUTLOOK**

At the end of August, Lagardere Media was in line with its forecast of double digit annual operating income growth rate. However, recent global political events and their impacts on the future economic environment have created new business prospects in coming months.

In these conditions, and because of the impact of the slowdown expected over the next three months, the operating income growth, previously planned around 12%, is now expected to be between 5% and 12% for the full year.

**Paris, September 27, 2001**

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