



# First Half 2004 Results

Analyst Meeting  
September 9, 2004



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# F

irst Half 2004 consolidated statements



# Principal changes in consolidated companies

## Books

Full consolidation as of January 1, 2004 of the *Editis* assets (*Dalloz*, *Dunod*, *Armand Colin* in France, *Anaya* in Spain and *Larousse* in France and abroad). The remaining *Editis* assets (sale pending) are not consolidated.

## Press

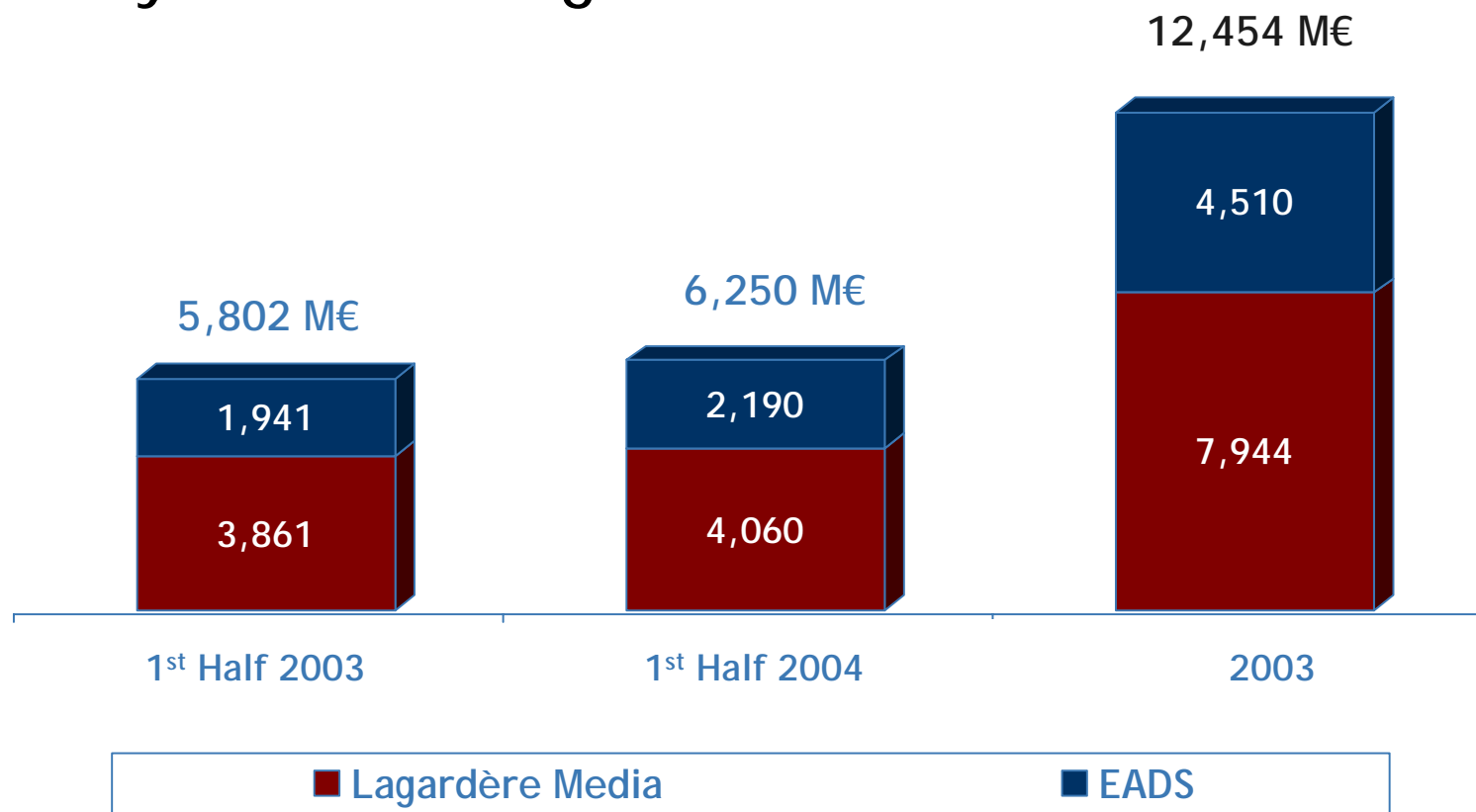
Acquisition and full consolidation as of January 1, 2004 of the Russian press group *IMG* (ownership: 85 %).

## Lagardere Active

Full consolidation of the Russian Radio *Europa plus Zao*. Ownership: 100%. (previously proportionnaly consolidated, 59%, in 2003).



# Sales by business segment

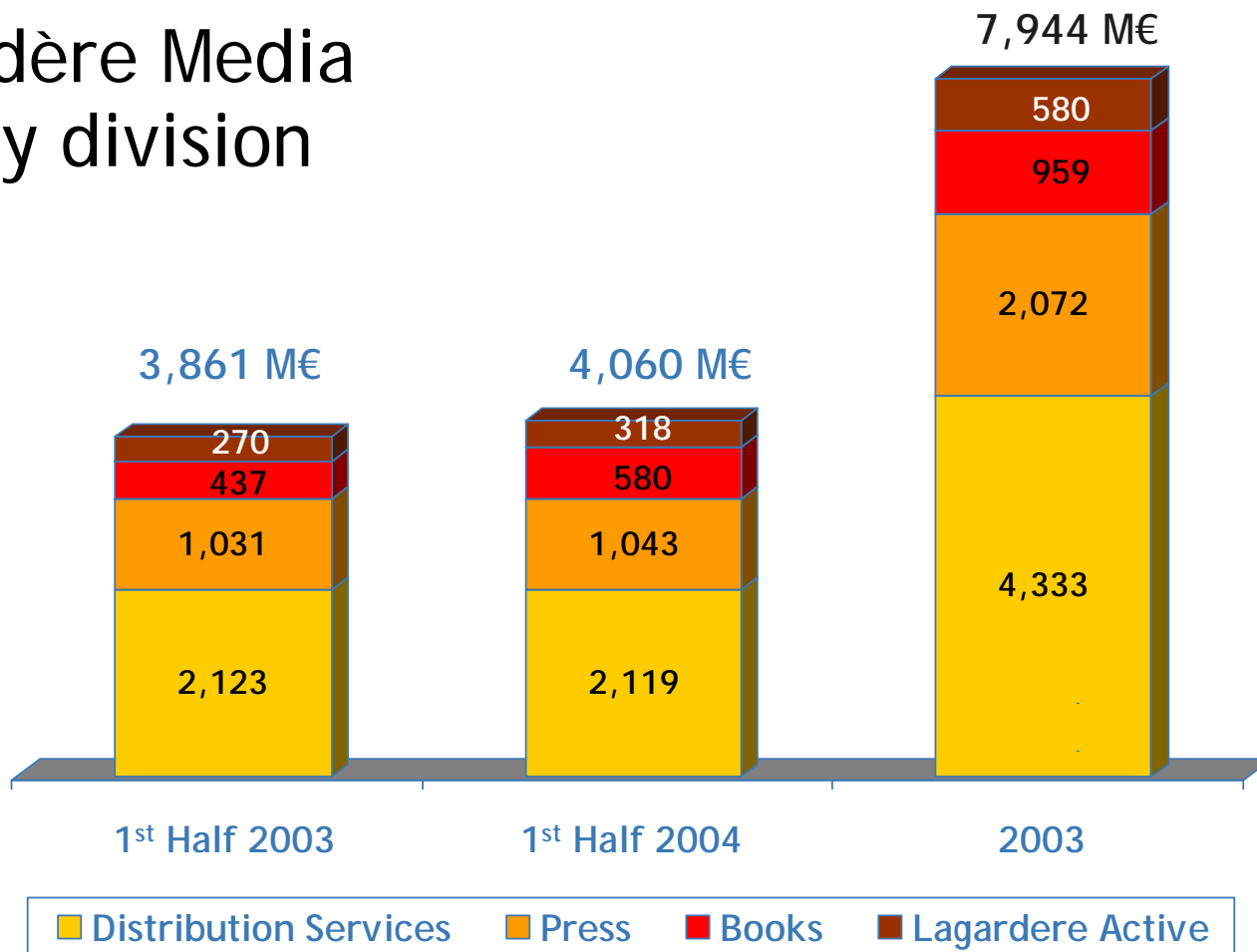


**Consolidated Sales: + 7.7%**

**Lagardère Media: + 5.2%**



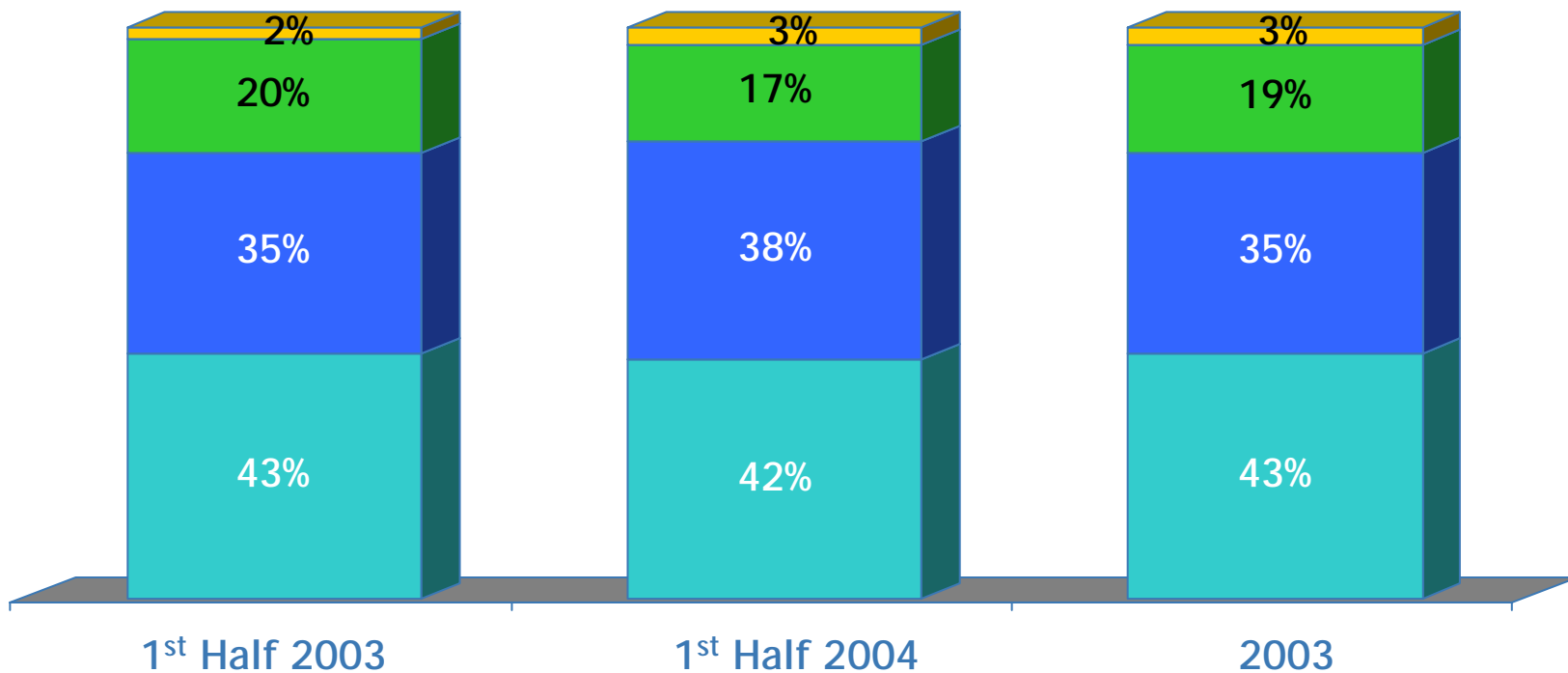
# Lagardère Media Sales by division



- Impact of *Editis* assets retained: + 130 M€/ Euro's rise: - 85 M€
- Growth on a like-for-like basis: + 3.3%



# Lagardère Media - Sales by geographical area



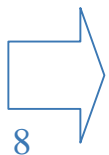
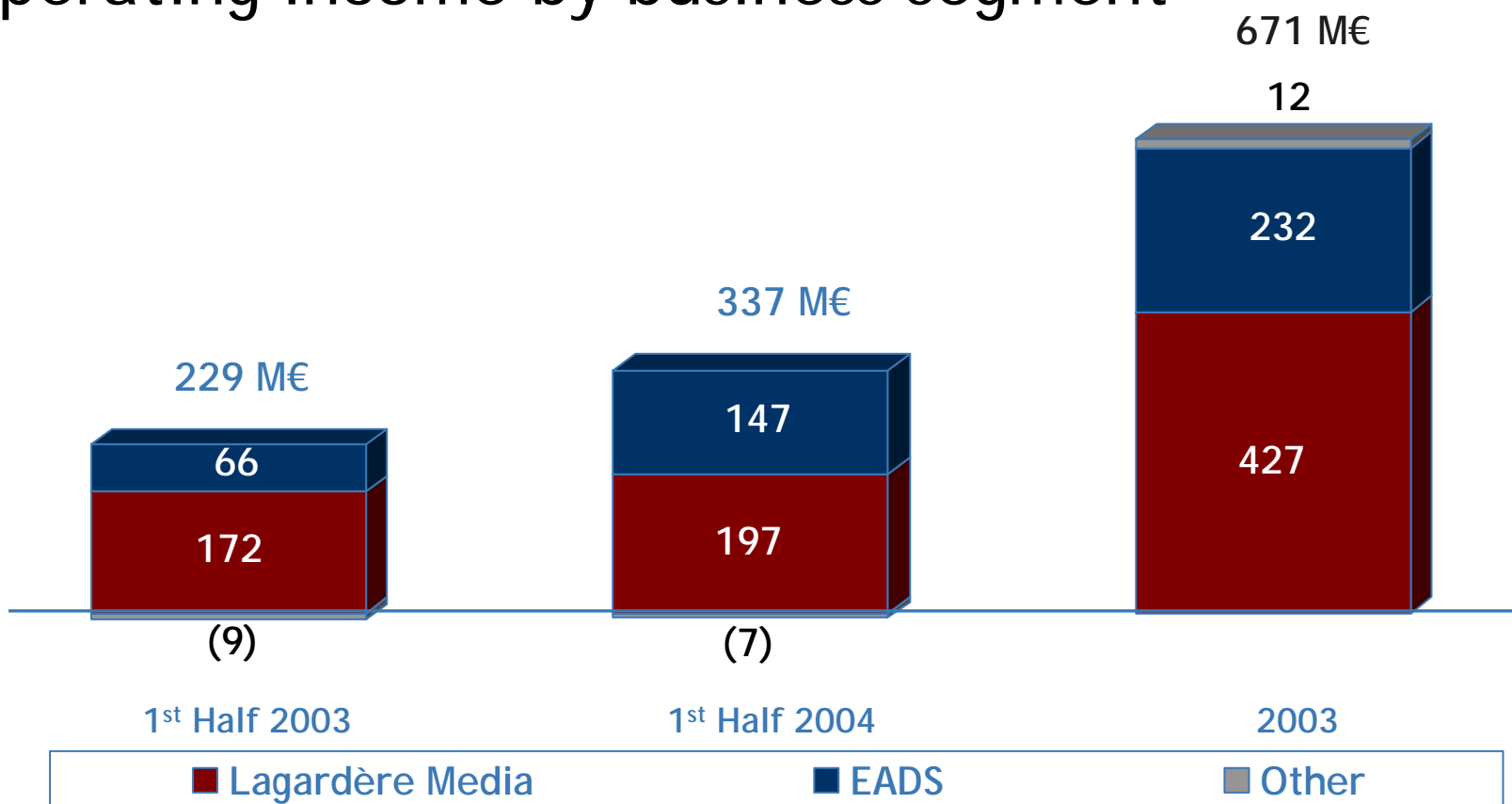
■ France 
 ■ Rest of Europe 
 ■ USA & Canada 
 ■ Rest of the world

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- Impact of acquisitions in *Books, Press, Radio* divisions in Europe (Spain, Russia...)
- Euro's rise



# Operating income by business segment



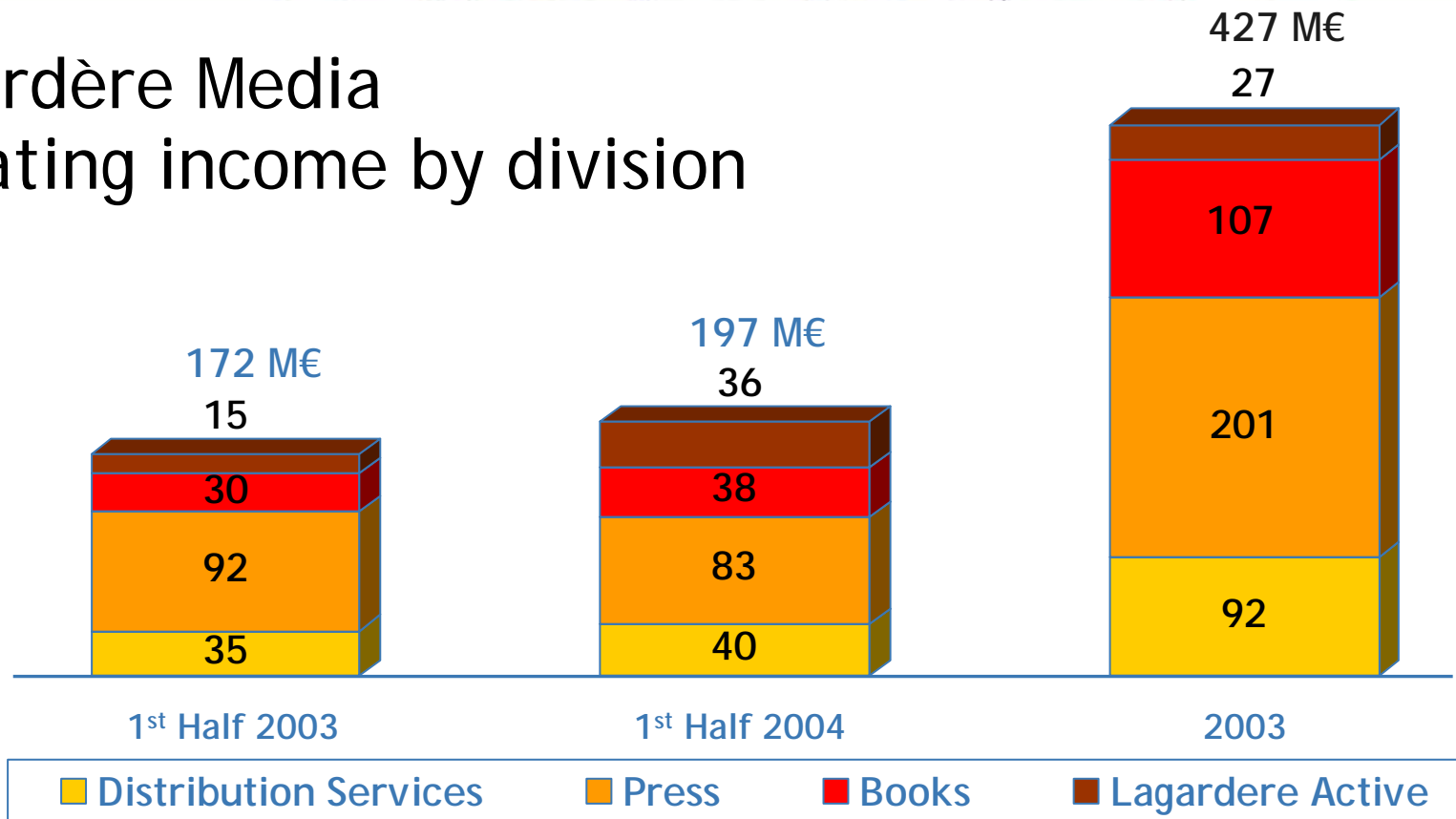
- Strong growth of the consolidated operating income: + 47.1%
- Continued double digit growth (+ 14.2%) for Lagardère Media operating income





# Lagardère Media

## Operating income by division



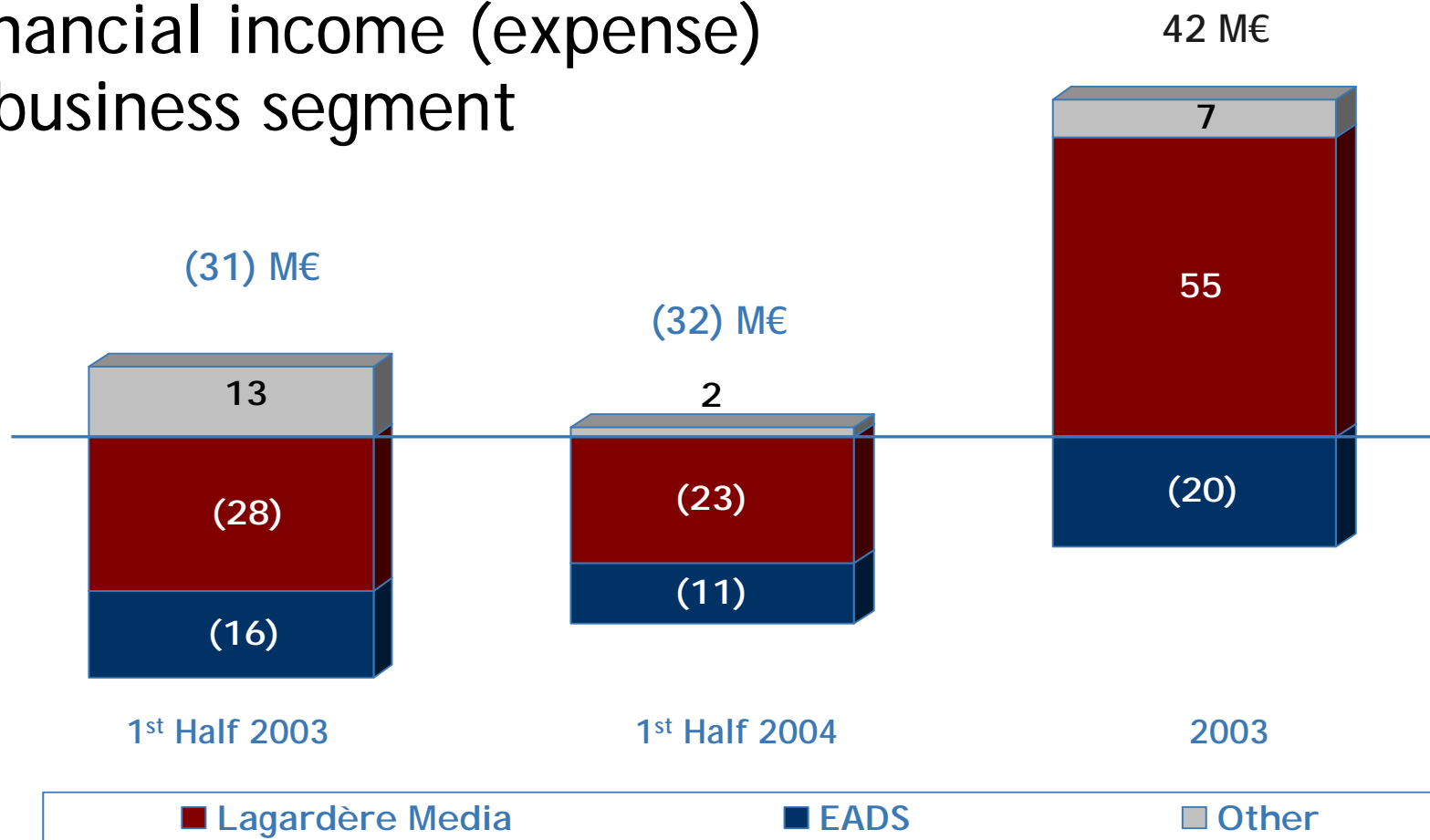
→ - Very strong progress at *Lagardere Active*

- Strong growth in *Books*: + 26.6% (*Editis* assets impact in H1 not meaningful) and in *Distribution Services*: + 14.6%

- Negative impact of launch costs in *Press*



# Financial income (expense) by business segment

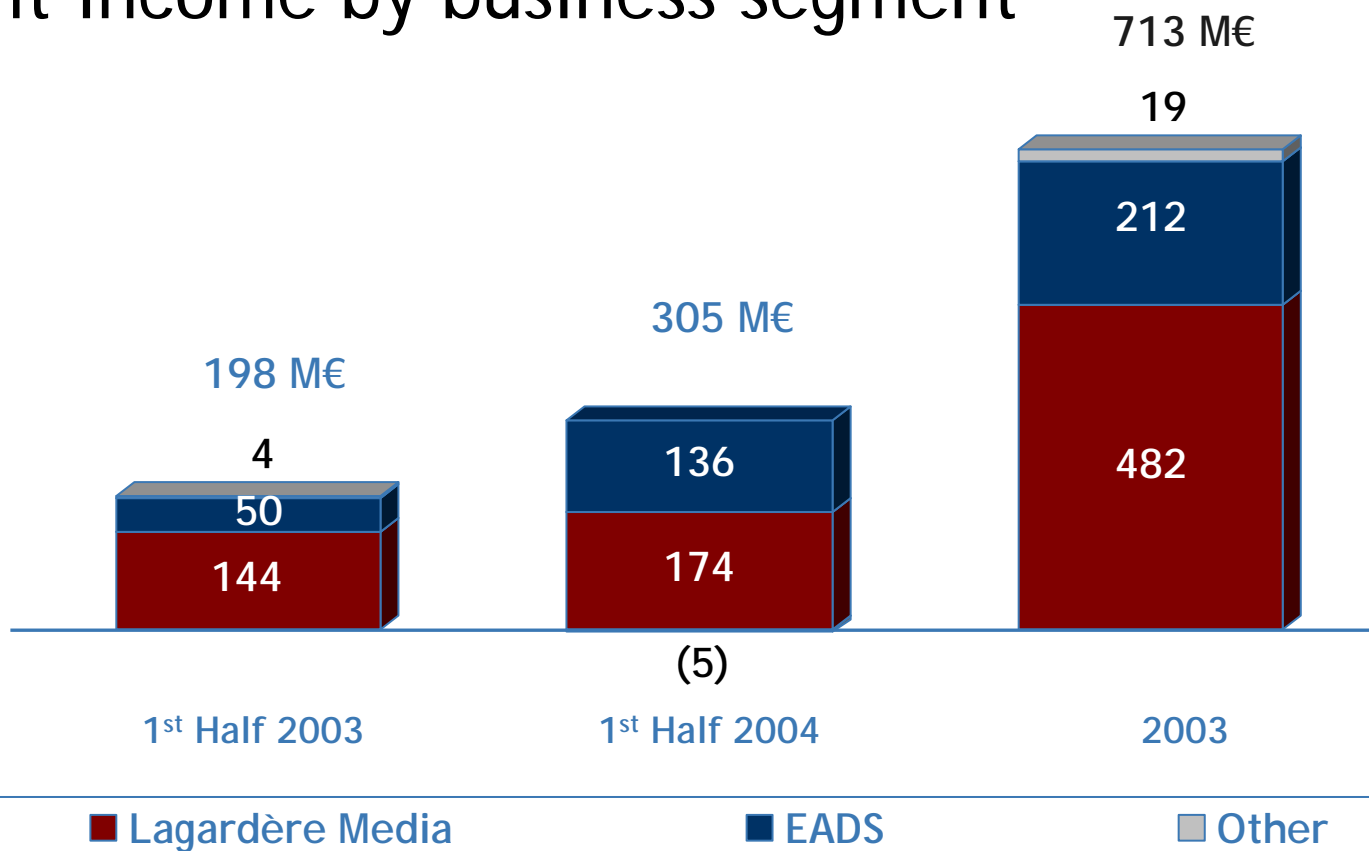


- Stable financial expenses in H1: - 32 M€(vs - 31 M€in H1 2003)
- In 2003, *T-Online* provision release amounted to + 121 M€





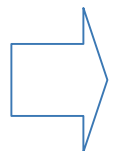
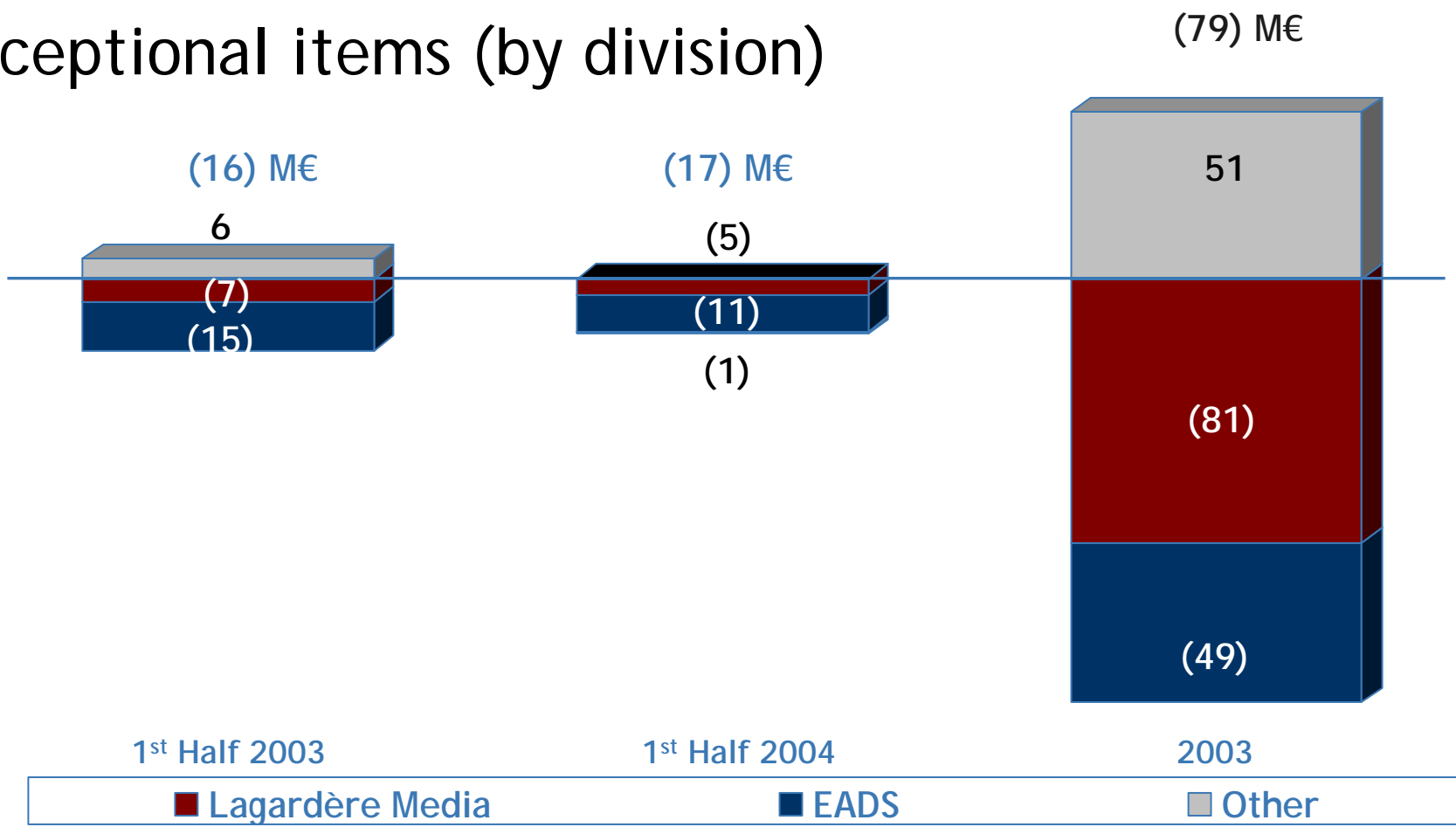
# Current income by business segment



- Strong growth of H1 current income: + 305 M€ (vs + 198 M€ in H1 2003)
- *Lagardère Media's* current income increases by more than 20%
- Impact in 2003 of the + 121 M€ *T-Online* provision release



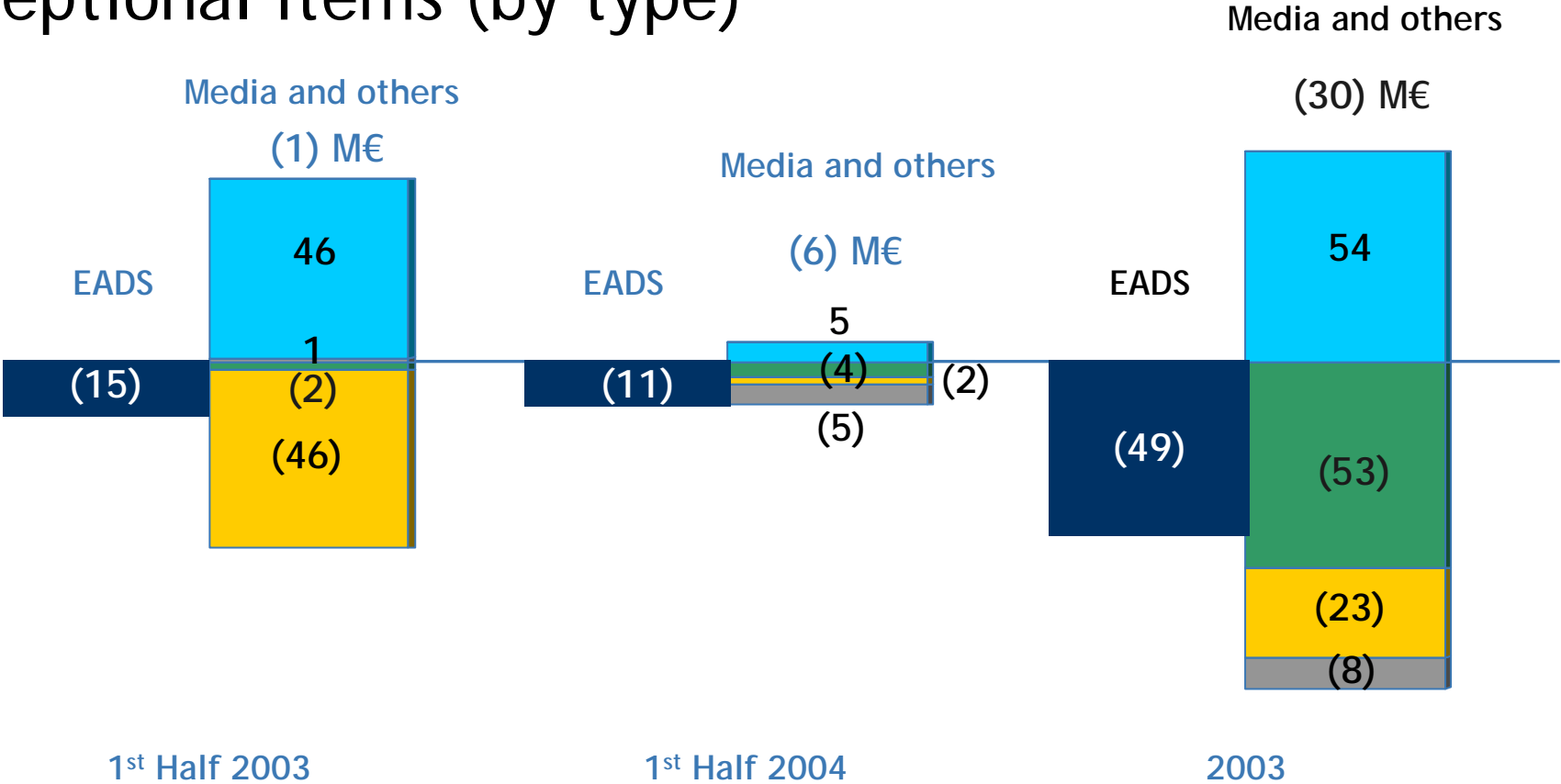
# Exceptional items (by division)



- Stable H1 exceptionals at – 17 M€(vs – 16 M€in H1 2003)



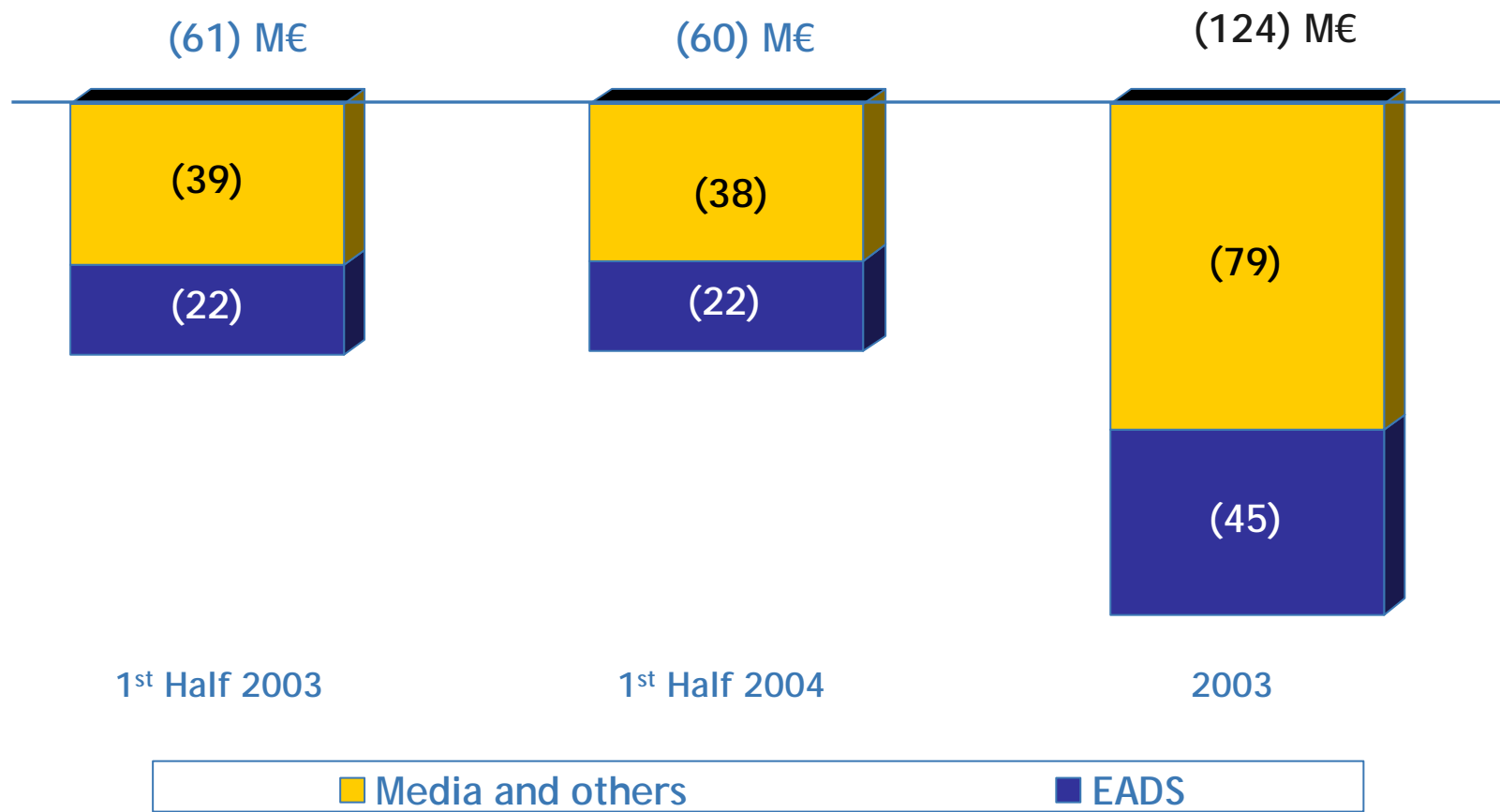
# Exceptional items (by type)



- EADS
- Net capital gains
- Amort. & special write-downs of goodwill and other intangibles
- Restructuring Costs
- Other

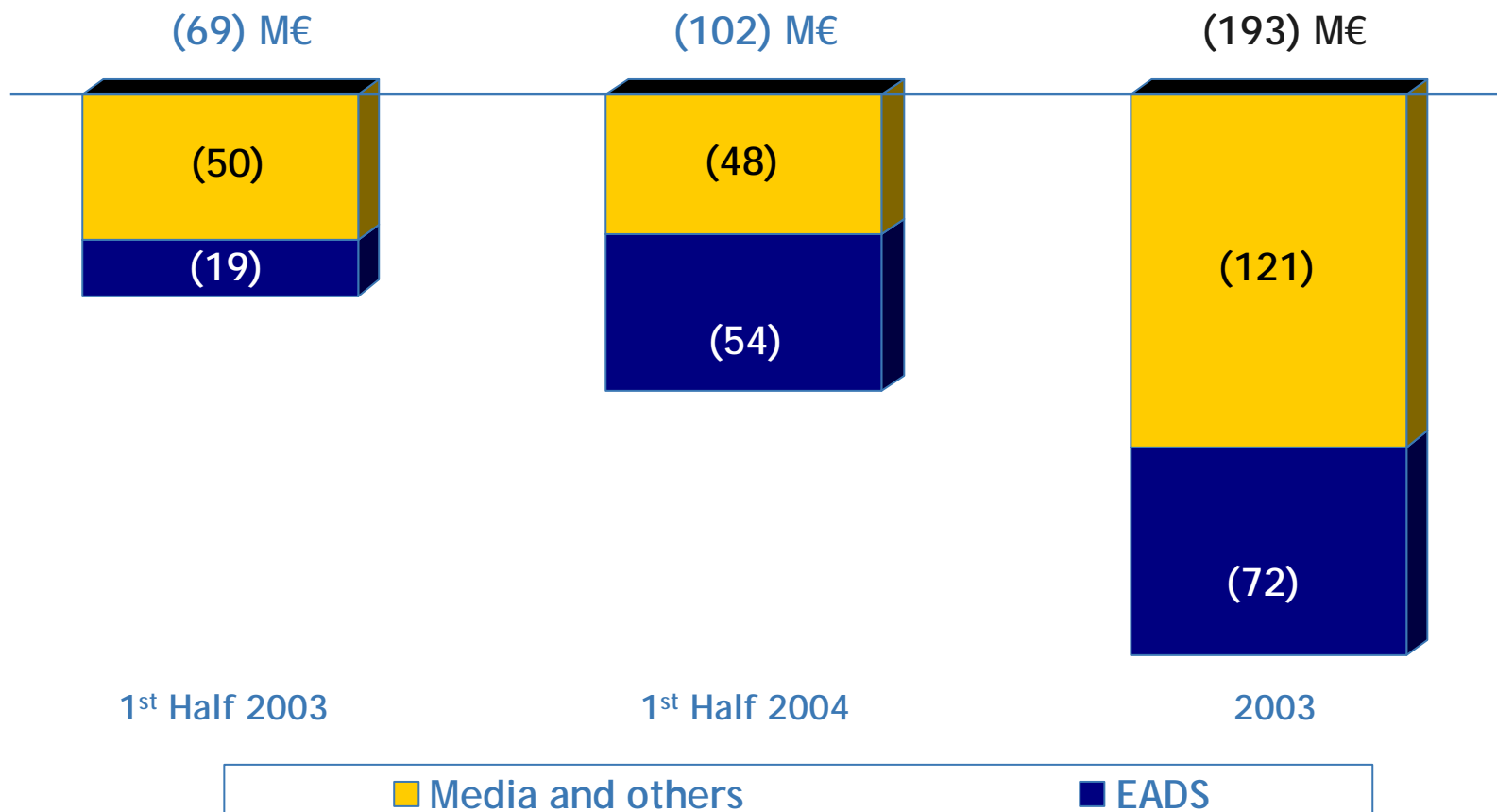


# Goodwill Amortization





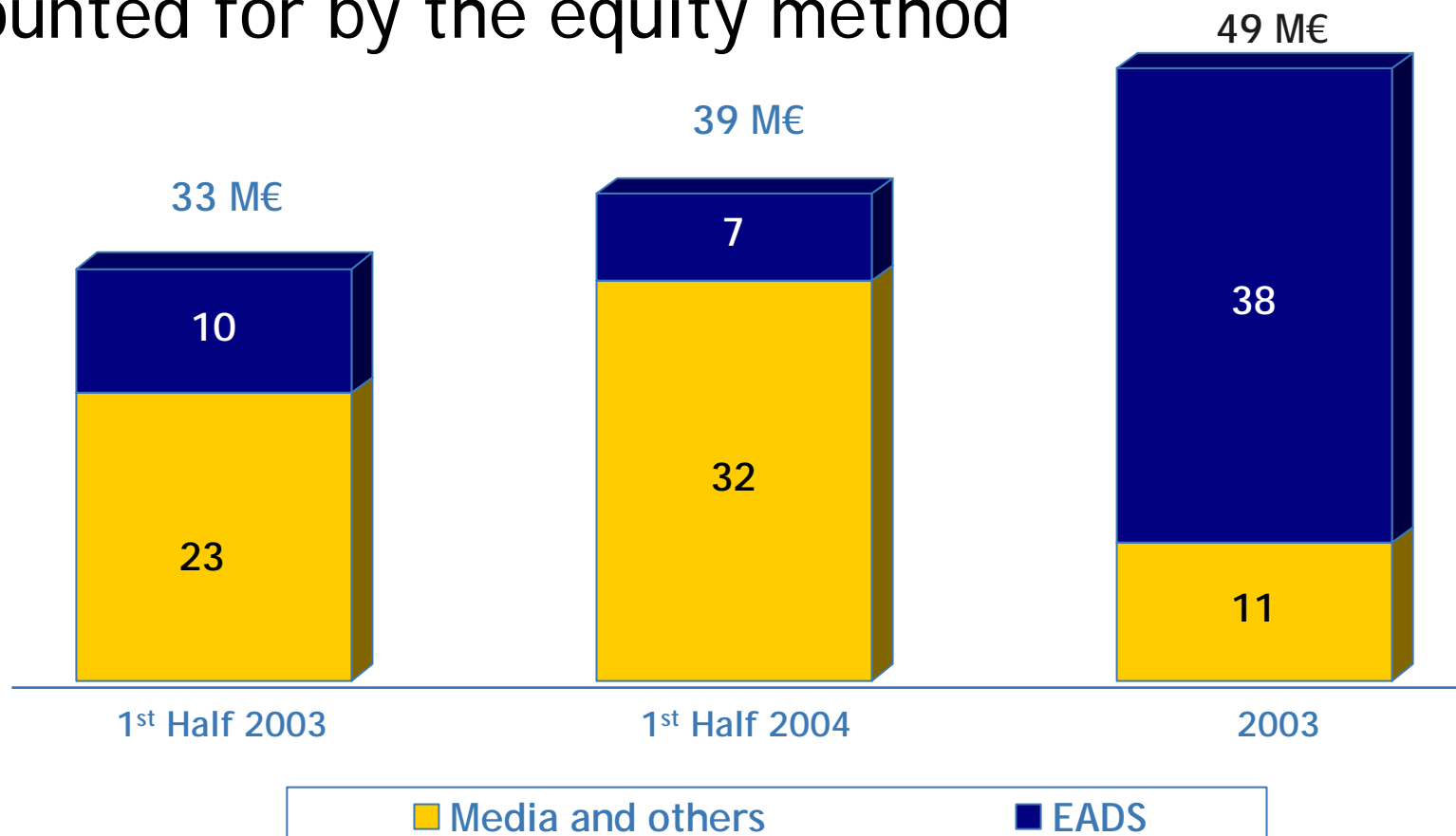
# Income tax



- Stable tax charge in H1 for *Lagardère Media and others*
- *EADS's* tax charge rises in line with current income progress
- In 2003, impact of the capital gain related tax adjustment on *T-Online* shares: - 24 M€



# Net income from companies accounted for by the equity method



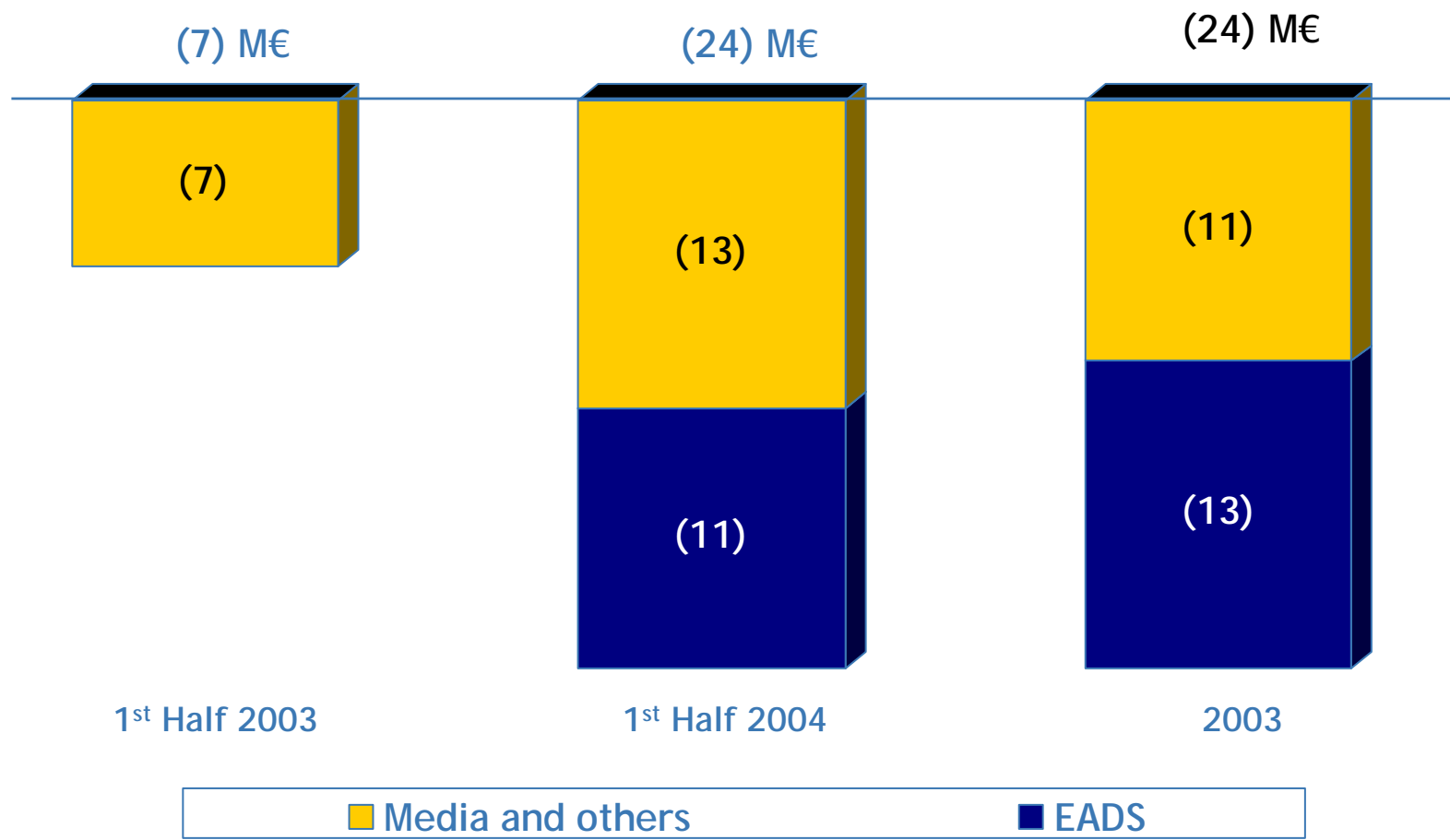
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- Strong growth of H1 *CanalSatellite* result: + 25 M€(vs + 16 M€in H1 2003)
- In 2003, write-down of the *multiThématiques* investment: - 36 M€





# Minority interest





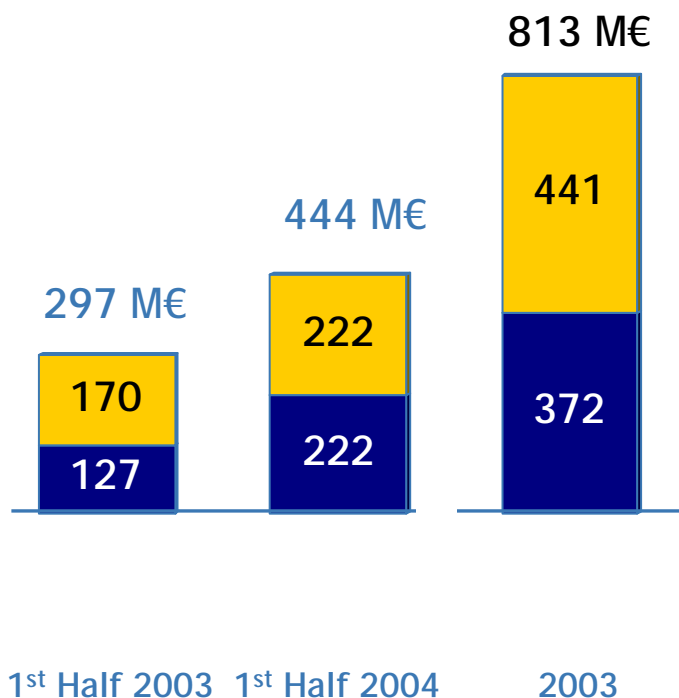
# Consolidated Income Statement

(M€)	1 <sup>st</sup> Half 2003			1 <sup>st</sup> Half 2004			2003		
	Media & others	EADS	Total	Media & others	EADS	Total	Media & others	EADS	Total
Sales	3,861	1,941	5,802	4,060	2,190	6,250	7,944	4,510	12,454
Operating Income	163	66	229	190	147	337	439	232	671
Interest Income (exp.)	(15)	(16)	(31)	(21)	(11)	(32)	62	(20)	42
Current Income	148	50	198	169	136	305	501	212	713
Non-oper. Income	(1)	(15)	(16)	(6)	(11)	(17)	(30)	(49)	(79)
Other	(70)	(31)	(101)	(55)	(69)	(124)	(197)	(79)	(276)
Net Income before minority interests	77	4	81	108	56	164	274	84	358
Minority interests	(7)	0	(7)	(13)	(11)	(24)	(11)	(13)	(24)
Net Income	70	4	74	95	45	140	263	71	334

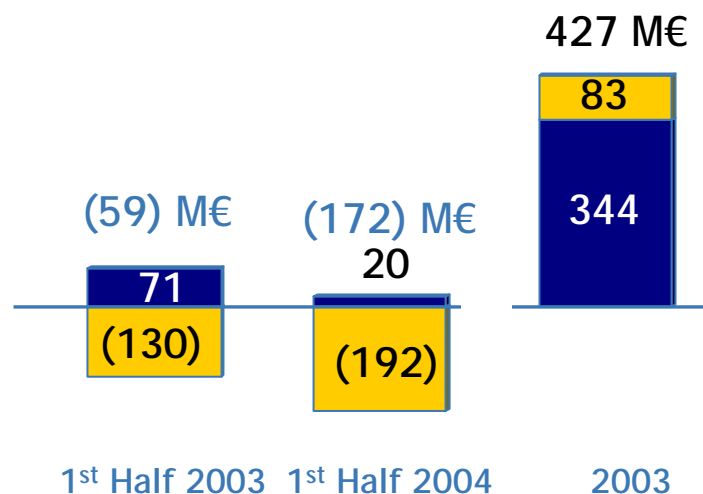


# Operating Cash Flows

Cash flow from operations



Change in working capital





# Cash Flow statement

(M€)	1 <sup>st</sup> Half 2003			1 <sup>st</sup> Half 2004			2003		
	Media & others	EADS	Total	Media & others	EADS	Total	Media & others	EADS	Total
Cash flow from operations	170	127	297	222	222	444	441	372	813
Change in working capital	(130)	71	(59)	(192)	20	(172)	83	344	427
<b>Total operating cash flow</b>	<b>40</b>	<b>198</b>	<b>238</b>	<b>30</b>	<b>242</b>	<b>272</b>	<b>524</b>	<b>716</b>	<b>1,240</b>
Investments	(125)	(222)	(347)	(274)	(251)	(525)	(270)	(635)	(905)
<i>Tangible &amp; intang. Inv.</i>	<i>(108)</i>	<i>(161)</i>	<i>(269)</i>	<i>(193)</i>	<i>(195)</i>	<i>(388)</i>	<i>(208)</i>	<i>(445)</i>	<i>(653)</i>
<i>Financial Investments</i>	<i>(17)</i>	<i>(61)</i>	<i>(78)</i>	<i>(81)</i>	<i>(56)</i>	<i>(137)</i>	<i>(62)</i>	<i>(190)</i>	<i>(252)</i>
Divestitures	160	18	178	51	40	91	231	81	312
Marketable securities	-	11	11	1	33	34	21	46	67
<b>Investing activities</b>	<b>35</b>	<b>(193)</b>	<b>(158)</b>	<b>(222)</b>	<b>(178)</b>	<b>(400)</b>	<b>(18)</b>	<b>(508)</b>	<b>(526)</b>
<b>Net cash flow from oper. &amp; invest. activities</b>	<b>75</b>	<b>5</b>	<b>80</b>	<b>(192)</b>	<b>64</b>	<b>(128)</b>	<b>506</b>	<b>208</b>	<b>714</b>

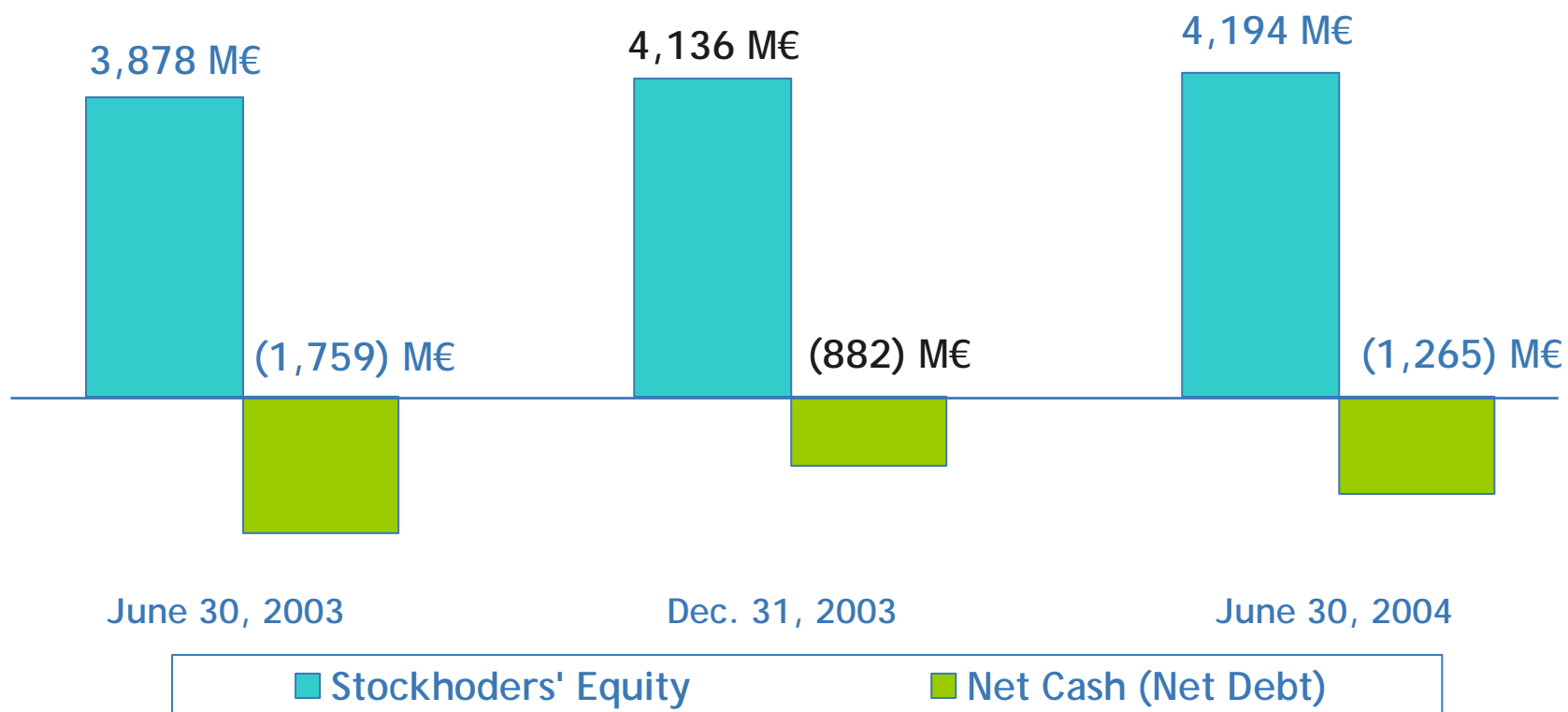


# Balance Sheet

(M€)	06/30/2004			12/31/2003		
	Media & others	EADS	Total	Media & others	EADS	Total
Fixed assets	5,996	2,969	8,965	6,577	2,869	9,446
Current assets	4,782	4,915	9,697	3,631	4,880	8,511
<i>of which cash &amp; cash equivalent</i>	<i>1,365</i>	<i>1,216</i>	<i>2,581</i>	<i>1,436</i>	<i>1,214</i>	<i>2,650</i>
<b>TOTAL ASSETS</b>	<b>10,778</b>	<b>7,884</b>	<b>18,662</b>	<b>10,208</b>	<b>7,749</b>	<b>17,957</b>
Stockholders' equity	3,498	1,112	4,610	3,407	1,145	4,552
Contingencies	1,033	1,228	2,261	996	1,205	2,201
Financial debts	3,378	755	4,133	3,102	717	3,819
Current liabilities	2,869	4,789	7,658	2,703	4,682	7,385
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<b>10,778</b>	<b>7,884</b>	<b>18,662</b>	<b>10,208</b>	<b>7,749</b>	<b>17,957</b>



# Stockholder's Equity \* & Net Cash (Net Debt) \*





# Net Cash (Debt)\*

(M€)	12.31.2003	Changes	06.30.2004
<u>Net Debt</u>	<u>(882)</u>	<u>(383)</u>	<u>(1,265)</u>
EADS	497	(36)	461
T-Online	522	-	522
Media and others & T-Online	(1,901)	(347)	(2,248)



# Lagardère - Financial debt maturities (media and others)

(M€) as of 06.30.2004	Less than one year	1 to 5 years	Over 5 years	Total
Perpetual subordinated notes (1992)			287 <sup>(1)</sup>	287
Bonds	30	1,077 <sup>(2)</sup>	504	1,611
Bank borrowings	8	821 <sup>(3)</sup>		829
Leasing contracts	32	74	13	119
Other	53		230	283
Short-term borrowings	249			249
<b>TOTAL</b>	<b>372</b>	<b>1,972</b>	<b>1,034</b>	<b>3,378</b>

Marketable securities, cash & equivalents (media and others): 1,365 M€ <sup>(4)</sup>

- (1) Other investments include: + 220 M€ of accrued interest and premium (ie: perpetual subordinated notes impact on net debt calculation: - 67 M€)
- (2) "1 to 2 years" : 908 M€ including *T-Online* convertible bond for 768 M€
- (3) 700 M€ syndicated loan (maturity 2008)
- (4) Including *T-Online* shares for 522 M€





# Data by business segment



# Sales by business segment

(M€)	1 <sup>st</sup> Half 2003	1 <sup>st</sup> Half 2004	2003
<i>Books</i>	437	580	959
<i>Press</i>	1,031	1,043	2,072
<i>Distribution Services</i>	2,123	2,119	4,333
<i>Lagardere Active</i>	270	318	580
Lagardère Media	3,861	4,060	7,944
EADS	1,941	2,190	4,510
<b>TOTAL</b>	<b>5,802</b>	<b>6,250</b>	<b>12,454</b>



# Operating income by business segment

(M€)	1 <sup>st</sup> Half 2003	1 <sup>st</sup> Half 2004	2003
<i>Books</i>	30	38	107
<i>Press</i>	92	83	201
<i>Distribution Services</i>	35	40	92
<i>Lagardere Active</i>	15	36	27
<b>Lagardère Media</b>	<b>172</b>	<b>197</b>	<b>427</b>
<b>EADS</b>	<b>66</b>	<b>147</b>	<b>232</b>
<b>Other</b>	<b>(9)</b>	<b>(7)</b>	<b>12</b>
<b>Operating income</b>	<b>229</b>	<b>337</b>	<b>671</b>



# Lagardère Media - Income Statement

(M€)	1 <sup>st</sup> Half 2003	1 <sup>st</sup> Half 2004	2003
Sales	3,861	4,060	7,944
Operating income	172	197	427
Interest income (expense) (*)	(28)	(23)	55
Current income	144	174	482
Non-operating income	(5)	(1)	(28)
Associates	23	32	47
Net income before income tax	162	205	501
Operating margin - <i>Lagardère Media</i>	4.5%	4.9%	5.4%
Operating margin - excl. <i>Distribution Services</i>	7.9%	8.1%	9.3%

(\*) including *T-Online* provision release

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# Lagardere Active Broadcast & Broadband - Sales & Operating income breakdown

(M€)	1 <sup>st</sup> Half 2003				1 <sup>st</sup> Half 2004			
	Broadcast		Broadband	Lagardere Active	Broadcast		Broadband	Lagardere Active
	Radio	TV			Radio	TV		
Sales	135.5	101.1	34.1	270.7	160.4	113.3	44.8	318.5
Operating income	19.4	(0.8)	(3.1)	15.5	33.9	2.4	(0.6)	35.7



# Lagardère Media - Statement of Cash Flows

(M€)	1 <sup>st</sup> Half 2003	1 <sup>st</sup> Half 2004	2003
Cash flow from operations	175	225	428
Change in working capital	(117)	(154)	135
<b>Total operating cash flow</b>	<b>58</b>	<b>71</b>	<b>563</b>
Investments	(121)	(271)	(261)
<i>Tangible &amp; intangible Inv.</i>	(107)	(192)	(206)
<i>Financial Investments</i>	(14)	(79)	(55)
Divestitures	19	50	89
Marketable securities	-	1	-
<b>Investing activities</b>	<b>(102)</b>	<b>(220)</b>	<b>(172)</b>
<b>Net cash flow from operations &amp; investing activities</b>	<b>(44)</b>	<b>(149)</b>	<b>391</b>



# Lagardère Media - 1<sup>st</sup> Half 2004 Statement of Cash Flows by division

(M€)	Books	Press	Distribution Services	Lagardere Active	Lagardère Media
Cash flow from operations	33	53	50	89	225
Change in working capital	(92)	(35)	5	(32)	(154)
<b>Total operating cash flow</b>	<b>(59)</b>	<b>18</b>	<b>55</b>	<b>57</b>	<b>71</b>
Investments	(15)	(91)	(33)	(132)	(271)
<i>Tangible &amp; intangible Inv.</i>	(15)	(77)	(33)	(67)	(192)
<i>Financial Investments</i>	-	(14)	-	(65)	(79)
Divestitures	9	9	14	18	50
Marketable securities	-	-	1	-	1
<b>Investing activities</b>	<b>(6)</b>	<b>(82)</b>	<b>(18)</b>	<b>(114)</b>	<b>(220)</b>
<b>Net cash flow from operations &amp; investing activities</b>	<b>(65)</b>	<b>(64)</b>	<b>37</b>	<b>(57)</b>	<b>(149)</b>



# Lagardère Media - 1<sup>st</sup> Half 2003 Statement of Cash Flows by division

(M€)	Books	Press	Distribution Services	Lagardere Active	Lagardère Media
Cash flow from operations	28	64	43	40	175
Change in working capital	(74)	(20)	(28)	5	(117)
<b>Total operating cash flow</b>	<b>(46)</b>	<b>44</b>	<b>15</b>	<b>45</b>	<b>58</b>
Investments	(9)	(17)	(28)	(67)	(121)
<i>Tangible &amp; intangible Inv.</i>	(7)	(15)	(27)	(58)	(107)
<i>Financial Investments</i>	(2)	(2)	(1)	(9)	(14)
Divestitures	1	10	3	5	19
<b>Investing activities</b>	<b>(8)</b>	<b>(7)</b>	<b>(25)</b>	<b>(62)</b>	<b>(102)</b>
<b>Net cash flow from operations &amp; investing activities</b>	<b>(54)</b>	<b>37</b>	<b>(10)</b>	<b>(17)</b>	<b>(44)</b>





# EADS - Income Statement ...

... from EADS as reported to Lagardère format

(M€)	EADS 100% as reported	Restatements			EADS 100% Lagardère format
		Restructuring charges	Income from associates	Financial asset deprec.	
Sales	14,567				14,567
Operating income	823	73		22	918
Interest income (expense)	(5)		(47)	(22)	(74)
Non-operating income		(73)			(73)
Tax	(335)				(335)
Associates			47		47
Minority interests	(96)				(96)
Net income	387				387



# EADS - Income Statement restated

(M€)	EADS 100% Lagardère Format	Restatements		EADS restated 100%	Share in EADS 15.036%
		Forex restatsts	Goodwill restatsts		
Sales	14,567			14,567	2,190
Operating income	918	(9)	67	976	147
Interest income (expense)	(74)			(74)	(11)
Non-operating income	(73)			(73)	(11)
Tax	(335)	3	(26)	(358)	(54)
Income from Associates	47			47	7
Goodwill Amortization			(145)	(145)	(22)
Minority interests	(96)		24	(72)	(11)
Net income	387	(6)	(80)	301	45



# EADS -

## Contribution to Lagardère Income statement

(M€)	1 <sup>st</sup> Half 2003	1 <sup>st</sup> Half 2004	2003
Sales	1,941	2,190	4,510
Operating income	66	147	232
Interest income (expense)	(16)	(11)	(20)
Current income	50	136	212
Non-operating income	(15)	(11)	(49)
Associates	10	7	38
Net income before tax	45	132	201
Operating margin	3.4%	6.7%	5.1%



# EADS -

## Contribution to Lagardère Statement of Cash Flows

(M€)	1 <sup>st</sup> Half 2003	1 <sup>st</sup> Half 2004	2003
Cash flow from operations	127	222	372
Change in working capital	71	20	344
<b>Total operating cash flow</b>	<b>198</b>	<b>242</b>	<b>716</b>
Investments	(222)	(251)	(635)
<i>Tangible &amp; intangible Inv.</i>	(161)	(195)	(445)
<i>Financial Investments</i>	(61)	(56)	(190)
Divestitures	18	40	81
Marketable securities	11	33	46
<b>Investing activities</b>	<b>(193)</b>	<b>(178)</b>	<b>(508)</b>
<b>Net cash flow from operations &amp; investing activities</b>	<b>5</b>	<b>64</b>	<b>208</b>



# EADS - Balance sheet restated and Contribution to Lagardère Balance sheet

(M€)	EADS 100%	Lagardère Reclassifications	Lagardère Restatements	EADS restated 100%	EADS restated 15.036%
Fixed assets	26,058		(6,312)	19,746	2,969
Current assets	27,863	11,251	(6,422)	32,692	4,915
<i>of which cash &amp; cash equiv.</i>	<i>7,901</i>		<i>187</i>	<i>8,088</i>	<i>1,216</i>
<b>TOTAL ASSETS</b>	<b>53,921</b>	<b>11,251</b>	<b>(12,734)</b>	<b>52,438</b>	<b>7,884</b>
Stockholders' equity	17,351		(9,959)	7,392	1,112
Contingencies	12,048	(1,109)	(2,775)	8,164	1,228
Financial debts	5,019			5,019	755
Current liabilities	19,503	12,360		31,863	4,789
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>53,921</b>	<b>11,251</b>	<b>(12,734)</b>	<b>52,438</b>	<b>7,884</b>



# Lagardère - «Headquarters & non-operating branch» results

(M€)	1 <sup>st</sup> Half 2003	1 <sup>st</sup> Half 2004	2003
Operating income	(9)	(7)	12
Net interest income (expense) incl. preferred remunerations	9	1	(1)
Non-operating income	6	(1)	51*
<b>TOTAL</b>	<b>6</b>	<b>(7)</b>	<b>62</b>

\* including capital gain on *Renault* shares materialized in February, 2003 (+ 40 M€)



# Lagardère - Results summary

(M€)	1 <sup>st</sup> Half 2003	1 <sup>st</sup> Half 2004	2003
Lagardère Media	162	205	501
EADS	45	132	201
Other	6	(7)	62
Tax	(69)	(102)	(193)
Income before goodwill and other intangibles amortization & minority interests	144	228	571
Amortization of goodwill and other intangibles	(63)	(64)	(213)
Net income - before minority interests	81	164	358
Minority interests	(7)	(24)	(24)
Net income	74	140	334



# Significant events





## Summary

### Performance in the first half of 2004:

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- Net sales: + 2.8% on a like for like basis  
+ 32.8% as published
- Operating income: up 26.6%

### Integration of *Editis* assets taken over by *Lagardère*:

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- Arrival of *Larousse*, *Dalloz*, *Dunod*, *Armand Colin* and *Anaya* in the group perimeter
- Splitting up and reconstruction of publishing houses to transform them into autonomous operators
- *Hachette Livre* climbs from no. 11 to no. 6 worldwide



## Trade

Good results driven by the success of best-sellers:

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- Calmann-Lévy with "*Le Syndrome du Titanic*" by Nicolas Hulot
- Stock with "*Rien de grave*" by Justine Lévy and "*Les Âmes grises*" by Philippe Claudel
- Lattès with "*Da Vinci Code*" by Dan Brown, which has attracted 300,000 readers

## Education

- Hachette Éducation, Hatier, Didier and Foucher held up well
- Performance in line with objectives in a sharply declining market

## Hachette Illustrated

Continuing strong growth:

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- In the Children Publishing sector, with characters such as *Franklin* in the *Bibliothèque Rose* collection
- In the Practical (*Marabout*) sector, success of food and wine titles
- Strong resilience of *Hachette Tourisme* (Travel Guides) despite tough trading conditions for travel



## Distribution

### Good performances driven by:

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- A high activity level
- The positive impact of productivity and process improvement plans

## Parts-work

- Successful international deployment confirms the relevance of the brand extension strategy
- 2004 performances dependent on the success of the launches planned for the end of the year

## United Kingdom

### *Octopus Publishing Group* (acquired late 2001):

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- Completed re-centering on publishing of illustrated books for adults (disposal of the *Brimax* youth division and acquisition of *Godsfield Press* and *Gaia* operations)
- All units recorded growth vs 2003, with outstanding performances by *Hamlyn* and *Philips*

### *Orion, Watts*

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- *Orion* maintains sustained business with fiction titles
- *Watts* consolidates its leadership of the sector (publisher of children's books)



## Publishing houses of former *Editis* Group

### *Larousse:*

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- In France, publication of the 100<sup>th</sup> edition of the *Petit Larousse Illustré*
- In Mexico, maintenance of sustained sales growth
- In Spain, business challenged in a highly competitive market

### *Dalloz, Dunod, Armand Colin:*

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- Higher Education displayed dynamic growth

### *Anaya:*

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- Faced with the curriculum effect associated with the arrival of a new government team, the company maintained its objectives and performance targets.

## 2004 Outlook

- In 2004, *Hachette Livre* aims to achieve profitable development helped by the spectacular expansion of its perimeter
- First half performance levels bode well for the success of the new stage



## Summary

### Performances in the first half of 2004:

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- Net sales: + 1.3% on a like for like basis  
+ 1.2% as published
- Operating income: down 9.5%

### Trading conditions:

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- Increased competition in France and abroad
- In France, press can now advertise on TV

### Investments:

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- Larger promotional budgets to better defend or win market share
- Dynamic “new titles” launch policy in France and abroad

### New acquisitions:

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- A magazine group in Russia (TV guide, free paper) with effect from January 1<sup>st</sup>, 2004
- Acquisition of 49% of *Psychologies Magazine* in early July



## Magazines - France

- Good circulation trends, as in 2003
- *Télé 7 jours's* circulation (TV Guide) is declining but nevertheless maintains its leadership
- Good performances of other leading titles such as *Paris-Match* and *Elle*
- Hefty increase in the advertising revenues of *Journal Du Dimanche*

### Active launch policy during the first half of 2004:

- **Public:**
  - launched in July, 2003 and driven by the first TV campaign in France
  - initial targets exceeded (average circulation around 250,000 copies)
  - advertising should be on the agenda as soon as it is integrated into audience studies
- **Ohla!:**
  - re-launched in April, 2004 with a different editorial content
  - circulation on the right track (about + 10% )
  - the aim for 2005-2006 is to build it into an advertising success
- **Choc:**
  - launched late June, 2004 backed by extensive TV campaign
  - immediate success from very first issue, built on by the summer issues
  - circulation currently higher than 400,000 copies



## International Magazine Publishing

- Significant business improvement in the US
- Preparing the early launches of geographical declination of *Psychologies Magazine* (first launch in Italy in October)

### Russia and the Far East:

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- Good trading conditions support an accelerated development
- Acquisition of the *IMG Group* in Russia
- Launches in China (*25 years, Psychologies Magazine*)

### Europe

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- Spain reported good results helped by the launch of two new titles
- Mixed situation in Italy and in the UK: copy sales disrupted by the practice of tie-in sales and promotional offers
- Stable advertising market shares



## Daily press

- Excellent performance of the local advertising sales house
- Extra-local advertising above its historic performance level
- Mixed results for copy sales: positive in Marseille, slightly negative in Nice
- Increase of the *MarseillePlus* free paper copy sales
- Good results of the two supplements *Version Femina* and *TV Hebdo*

## Non press business

- Continued growth of merchandising revenues, especially in Asia
- Transfer of the *H2F* business (movie rights trading & distribution) to a *M6* subsidiary with effect from January 1, 2004

## 2004 Outlook

- Limited visibility given the weak recovery (impact of oil price increases on consumer trends)
- 2004 results should progress further versus 2003 helped by a positive contribution from the new launches throughout the second half.





## Summary

### Performance in the first half of 2004:

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- Net sales: + 2.7% on a like for like basis  
- 0.2% as published
- Operating income: up 14.6%

### Retail business

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- Airport traffic is increasing again but retail business in France continues to be penalized by the continued decline of the music market.
- The collapse of terminal 'E' at the end of May will only have a limited impact on sales if the transfer of passengers to the other Roissy terminals is properly organized.

### Wholesale business

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- Growing but still penalized by the weak US dollar.



## France

### Relais H

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- Net sales rose by 1.7% compared to the first half of 2003
- Segmentation of *Relais H* commercial offer: *Snacking concept*, *Relay Occitane* shop, *Relay Livres*

### Aelia

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- 23.5% drop in sales attributable to a new long-term commercial agreement with *Aéroports de Paris* concerning the alcohol, tobacco and perfume outlets in Roissy 2

### Stores specializing in books, video and multimedia

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- Overall drop in net sales of *Virgin Megastore* by 1.1% excluding the effects of any change in group structure
- Sales of *Virgin Megastore* strongly affected by the decline in the music market but limited by commercial campaigns undertaken in the book, video and paper sectors
- Launch in May 2004 of *Virgin Mega.fr*, a paying on-line site for downloading music
- *Furet du Nord* reported a 3.7% rise in sales in the first half of 2004 in a stable perimeter (11 stores)



## Europe

### Belgium

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- Net sales up by 5.2% primarily driven by the development of the press market and the solid performance of the retail network

### Spain

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- *SGEL* reported 23% increase in its distribution business for the first half over the first half of 2003
- *SGEL*'s retail business rose by 9.4% compared to 2003 thanks to the sound performance of the *Relay* network in airports and at *BDP* sales outlets

### Portugal

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- 11.5% increase in net sales compared to 2003

### Germany

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- The retail business recorded 2.7% growth thanks to the turnaround in airport traffic.
- International press import/export business down by 7.9% in a very difficult market

### Switzerland

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- 4.1% increase in net sales for the first half (before recording currency fluctuations)



## Europe

### Poland

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- Brisk development of the retail business (opening of 43 new brand name sales outlets within one year and 31.9% increase in net sales excluding currency fluctuations)
- Distribution up by 11.1% before currency fluctuations

### Hungary

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- Sales down by 0.5% at constant rate and comparable method (stable sales for the retail network, distribution businesses down by 1.1%)

### Czech Republic

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- Sales rose by 56% thanks to the continued rollout of new outlets (140 sales outlets at June 30, 2004 compared to 119 at June 30, 2003)

## Australia

- 12.5% increase in retail activities (*Newslink*) following the development of the network
- Acquisition of 6 *WH Smith* Singapore sales outlets in June, 2004 located at the Changi airport



## North America

- Slight net sales decrease of the wholesale business (- 1%) compared to the first half of 2003 ex currency fluctuations
- 8% increase in the retail business, ex currency fluctuations, compared to the first half of 2003.

## United States

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- Business up 9.6%, mainly thanks to the turnaround in airport traffic in US airports

## Canada

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- Business up 7.2% over the first half of 2004 compared to 2003

## 2004 Outlook

- Continued development of retail networks during the second half of 2004
- Business in the second half of 2004 strongly dependent on the continued air traffic turnaround and the potential pick up of the tourist season.



## Film and TV

Net Sales: + 10.9% on a like for like basis  
+ 12.7% as reported

### Increase in net sales:

- Expansion of *Lagardère Images International* businesses helped by the launch of a youth channel for the Qatar Foundation
- Rise in net sales of the production business (+ 45.3%)
- Growth in sales of theme channels (+ 6.3%)
- Despite the drop in the catalog distribution activity by 17.8% compared to the first half of 2003

### Changes in the consolidation perimeter:

- Consolidation of *M5* and *Soloveicik & Co*, wholly-owned by *Europe Images International*
- Consolidation of *Phare Ouest Productions*, 50% owned by *Europe Audiovisuel*
- Entry of *Capital Image*, 25% stake held by *Europe Audiovisuel* and 25% by *GMT Productions*
- Consolidation of *Nouvelles Télévisions Numériques*, 50% owned by *Lagardère Images*
- Equity interest of *Europe Audiovisuel* in *Aubes Productions* raised from 20% to 45% (now fully-consolidated subsidiary)



## Film and TV

### Theme channels

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- Strong audience rating of Lagardère's cable and satellite channels (MediaCabsat) for the period of December 29, 2003 to June 13, 2004, (published by Médiamétrie)
- **Canal J** and **TiJi** have been confirmed as the top two youth channels for 4-10 year olds
- **MCM** remains the leading music channel

### Digital Terrestrial Television

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- Agreements signed by the Group's channels with the *Conseil Supérieur de l'Audiovisuel*, France's Film and TV vetting board
- Set up of a new company *NTN* by *Lagardère Images*, *Pathé* and *Bolloré*
- DTT free offer launch scheduled for March 1, 2005
- DTT pay-per-view offer planned on September 1, 2005
- Commercial distributor for DTT has not yet been chosen



## Radio

- Net sales: + 15.3% on a like for like basis  
+ 18.4 % as reported

### Europe1

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- Steady audience in a difficult market (9.4% of cumulative audience at the last Médiamétrie poll (period April - June, 2004, of 13+ years) and 7.6% of audience share)

### FM Division

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- Sharp increase in net sales, particularly on *RFM*

### Lagardere Active Radio International

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- Solid performances of Russia and the Czech Republic





## Advertising Sales House

- Net sales up 16.0% compared to the first half of 2003
- Positive operating income (compared to a loss in H1 2003)

## New media

- Group perimeter includes:
  - mobile services businesses
  - internet/CD-Rom activities
- Net sales up 31.2% compared to first half of 2003
- Operating income almost at break even
- Acquisition of 100% of the capital of *WAPTOO* and rollout of mobile services businesses in the United States
- Sharp rise of *Legion GmbH* in Germany in the supply of interactive services for radios
- Strong pick up of SMS+ and the mobile Internet services boosted the activity of *Plurimedia* in France
- Significant progress of *Lagardere Active North America* marketing and technological process



# Lagardère stock performance

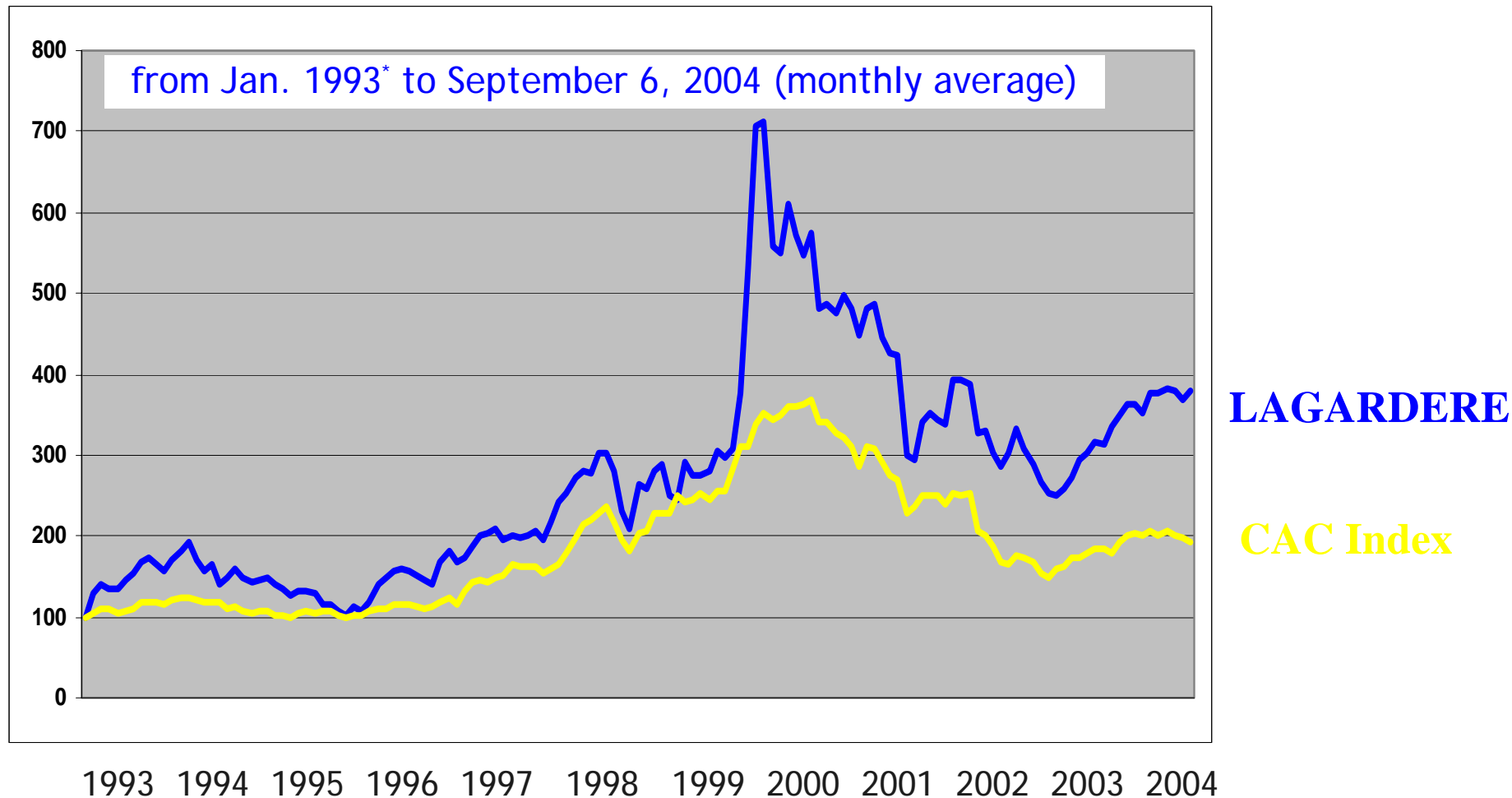
# LAGARDERE share price - Lagardere vs. "CAC 40" & "DJ STOXX MEDIA"



**LAGARDERE**      **DJ STOXX MEDIA**      **CAC 40**

\* Arnaud Lagardère appointed as General Partner and taking over Lagardère Media

# Share price performance - LAGARDERE vs. CAC40



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

\* Dec. 1992 - Merger of MATRA and HACHETTE leading to the formation of LAGARDERE