



# *Lagardère*

*Analyst Meeting  
September 14, 2005*




First Half 2005 Results

*Lagardère*

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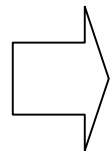
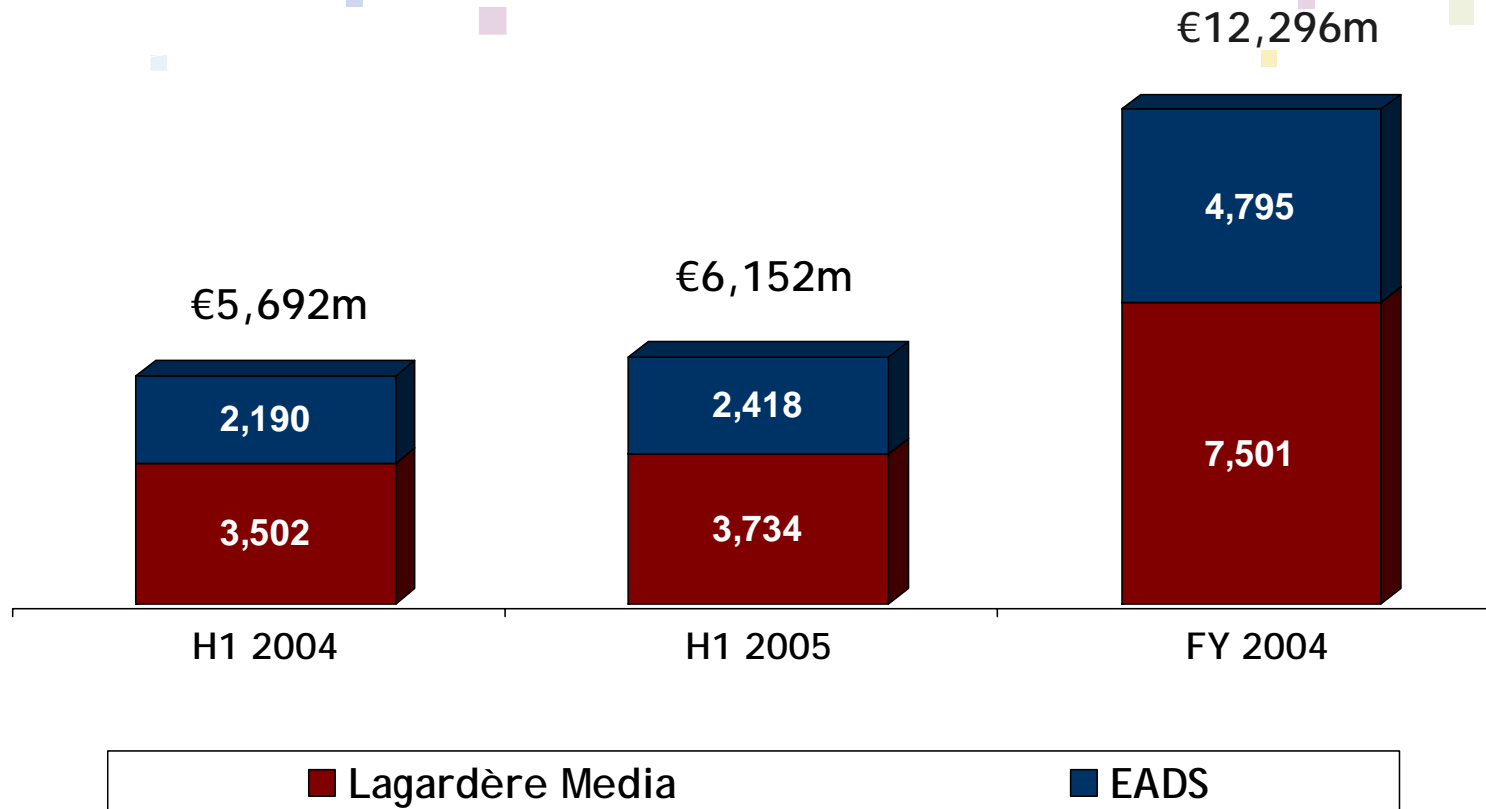


# Consolidated financial statements

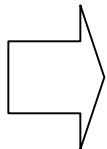
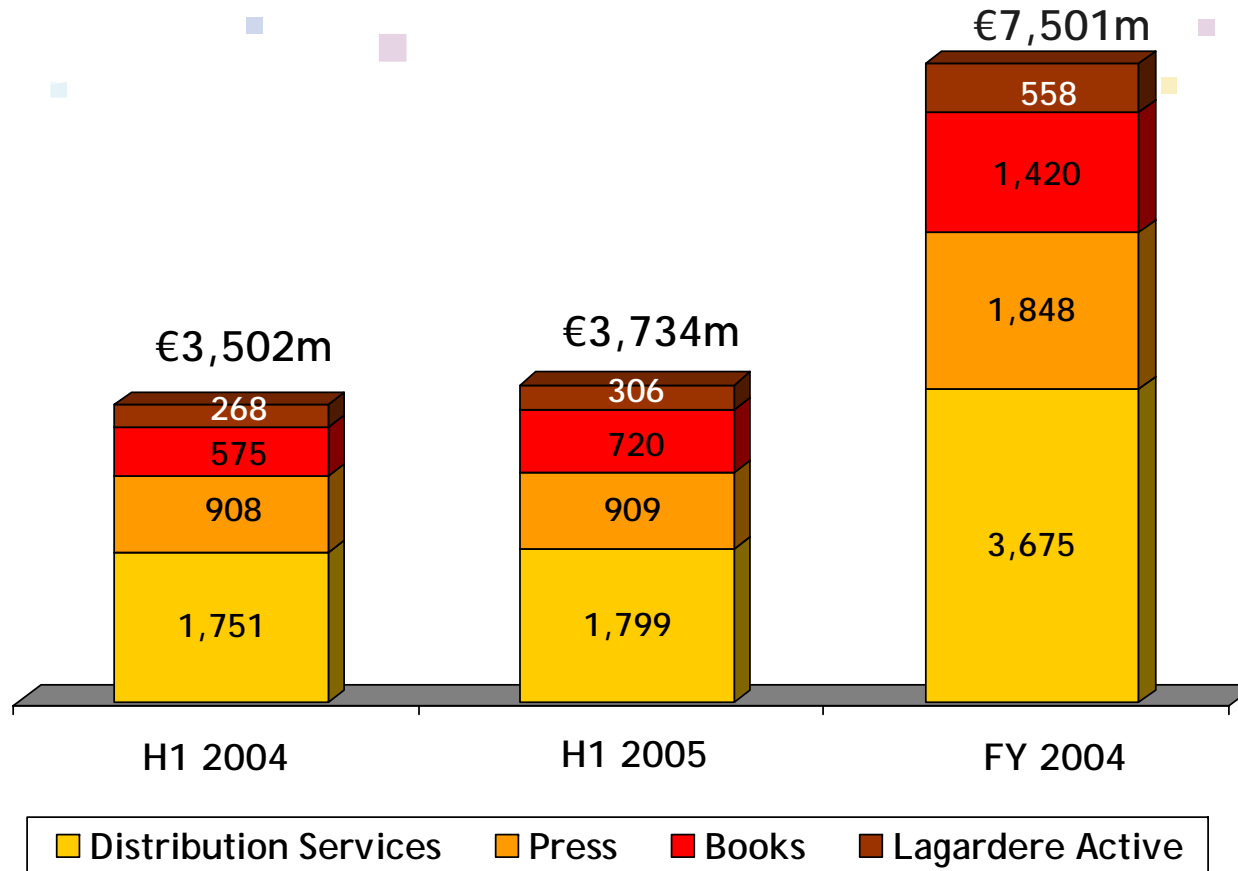
## First half of 2005

Books	<b>Full consolidation of British publisher <i>Hodder Headline</i> (included from October 1 only in 2004).</b>
Press	<b>Proportionate consolidation (49%) of <i>Psychologies Magazine</i> (included from July 1 only in 2004).</b>
Distribution Services	<b>Full consolidation of <i>Newslink</i> (retail chain in Australia), versus proportionate consolidation (40%) in the first half of 2004.</b>
Lagardere Active	<b>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.</b>  <b>Full consolidation of Polish radio station Eurozet, versus proportionate consolidation (49%) in 2004.</b>

Other activities	Divestment of the activities of Arjil & Associés at the end of 2004.
EADS	Following a capital increase resulting from the exercise of employee stock options, the rate used for the proportionate consolidation of EADS was 15.09% for H1 2005, vs 15.04% for H1 2004 and 15.10% for FY 2004.

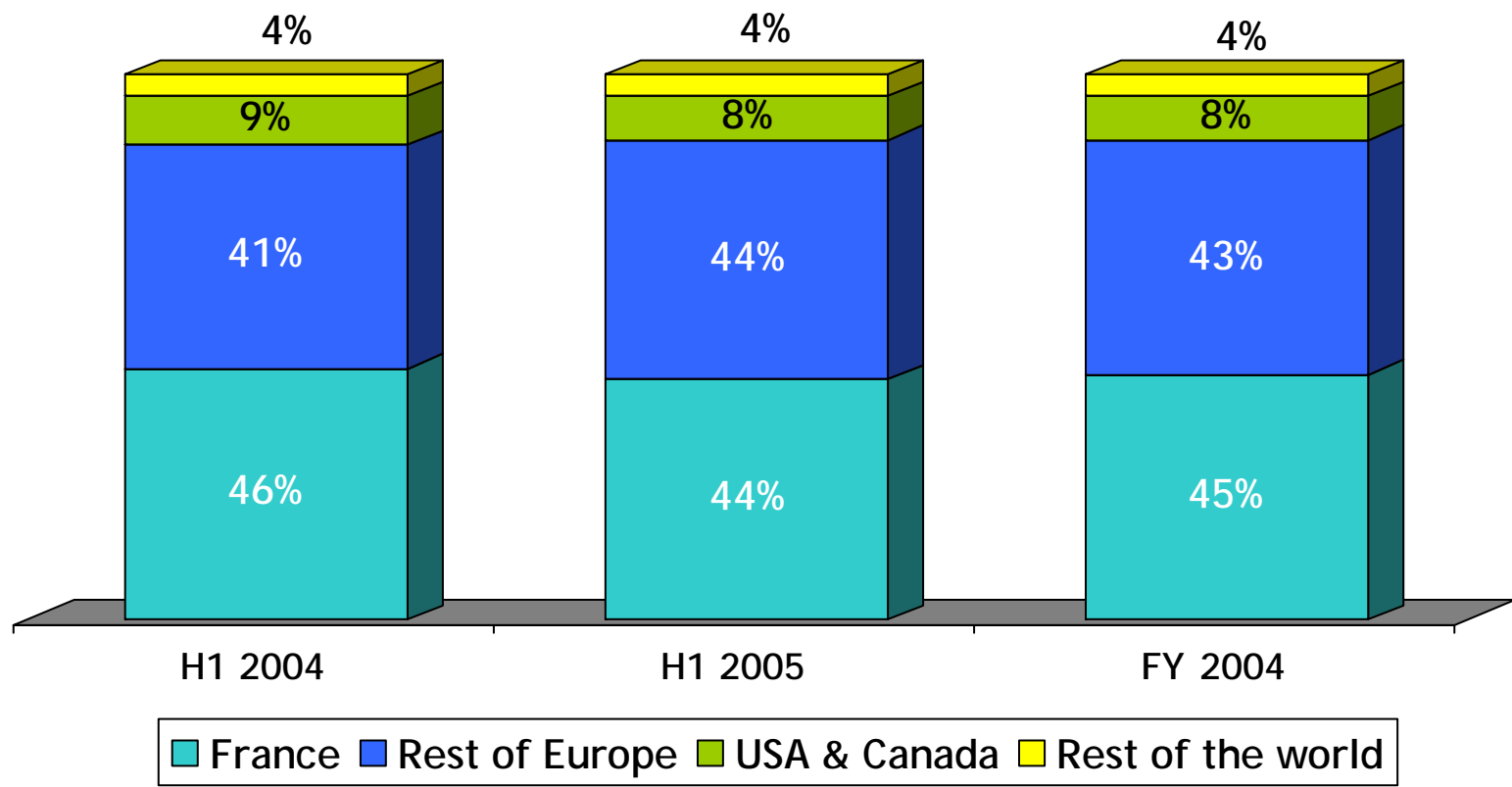


**8.1% growth on a consolidated basis**  
**6.6% growth for *Lagardère Media***



- Growth on a like-for-like basis: 2.8%
- Impact of consolidation of *Hodder Headline* in H1 2005: €106m

→ First Half 2005 Results

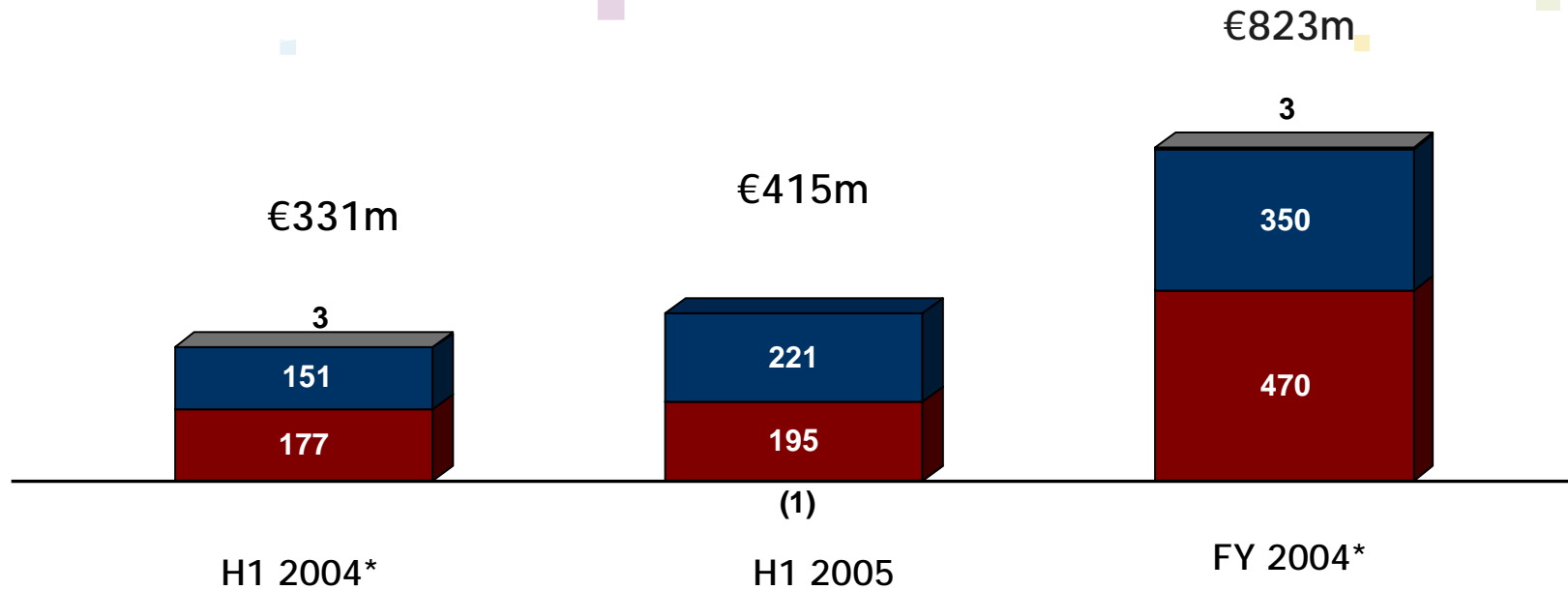


→ First Half 2005 Results

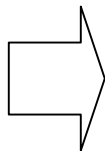


# Recurring EBIT before associates by division

9



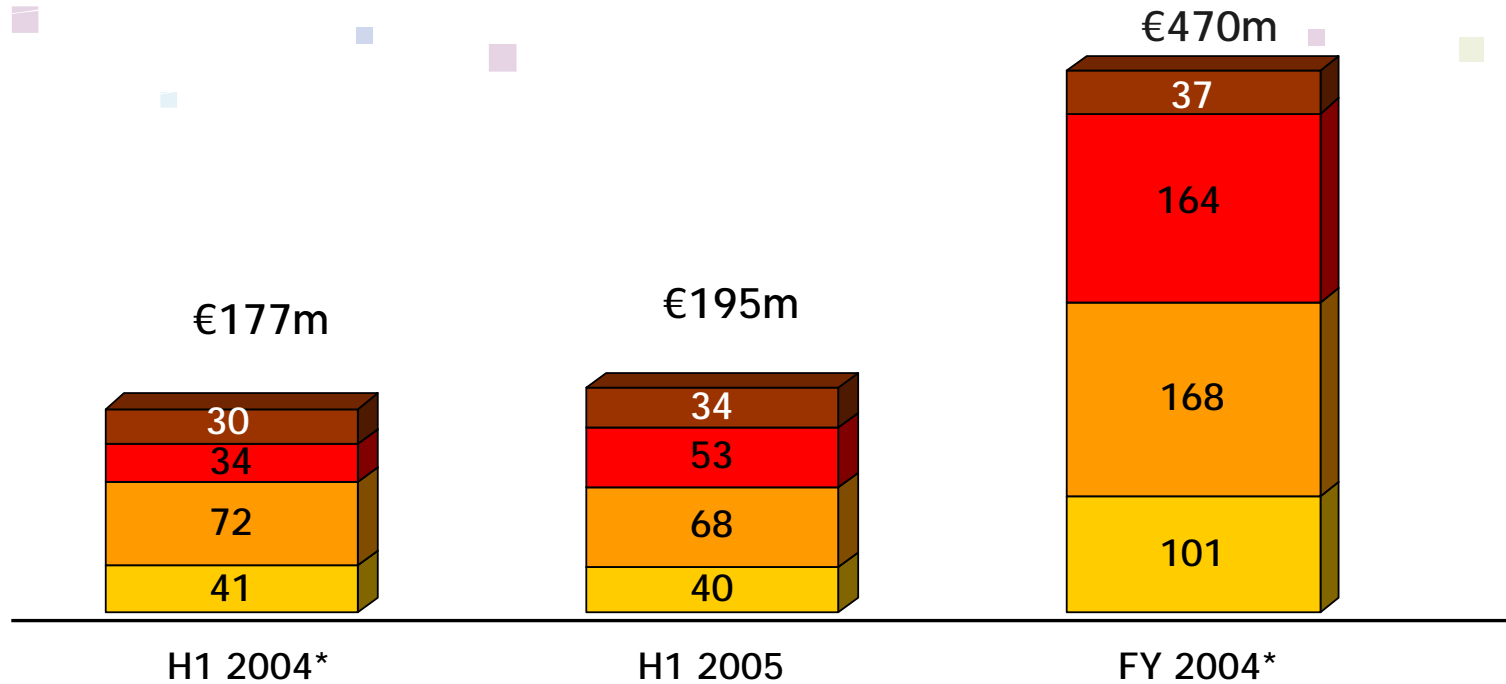
\* After reallocating 2004 corporate costs recharged to Lagardère Media by "Other activities" using 2005 allocation rates



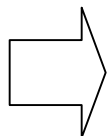
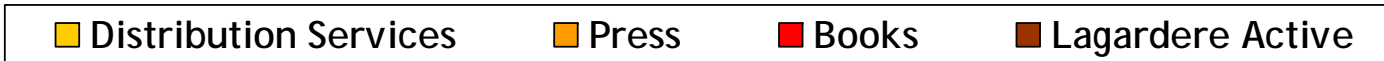
- Growth in recurring EBIT before associates: 25.4%
- Lagardère Media growth in recurring EBIT before associates: 10.8%

→ First Half 2005 Results

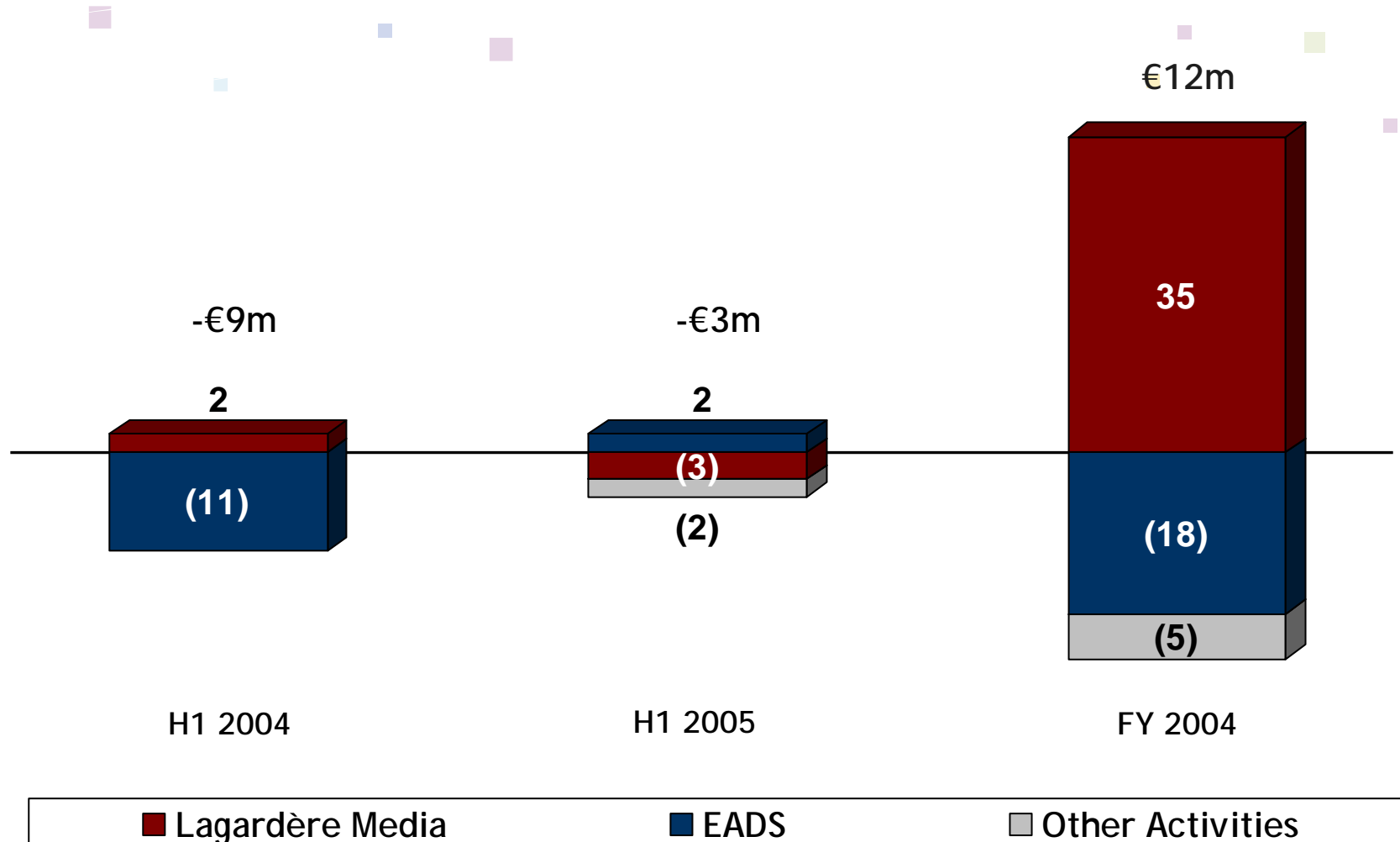
Lagardère



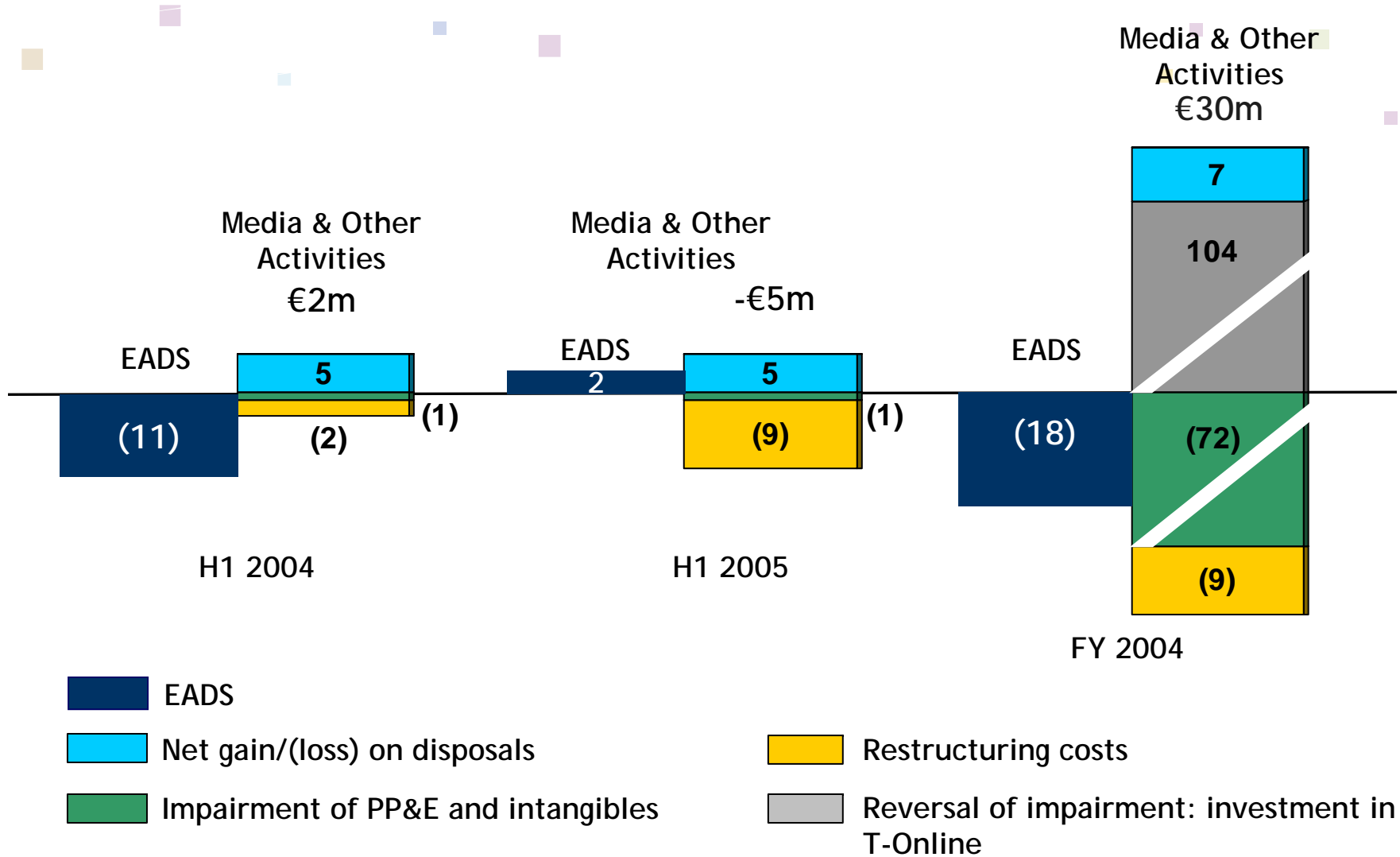
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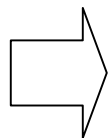
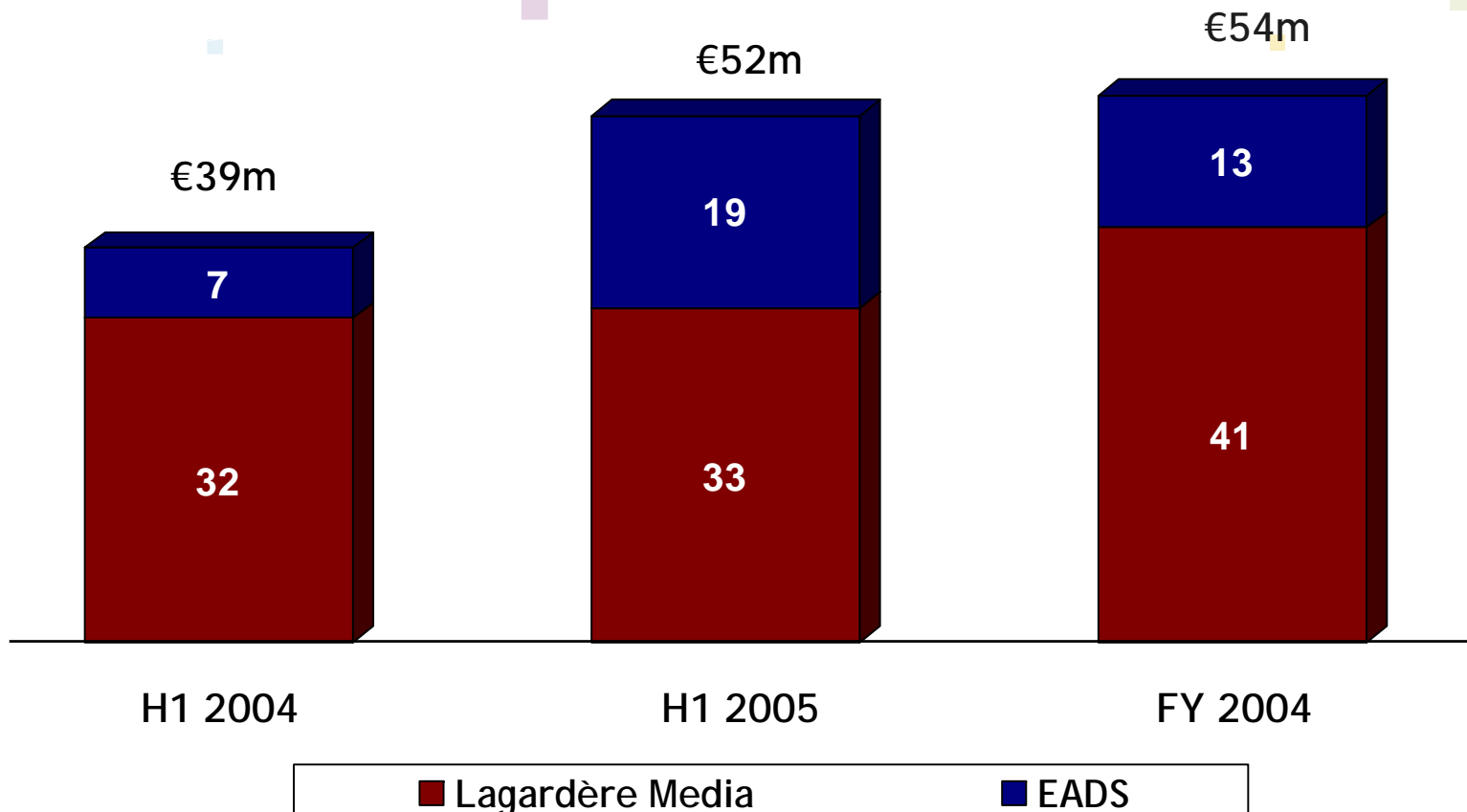


- Cost of stock option plans: €4m for H1 2004, €10m for H1 2005, €10m for FY 2004
- Growth in recurring EBIT before associates: 10.8% after cost of stock option plans  
13.8% before cost of stock option plans



# Non-recurring items by type





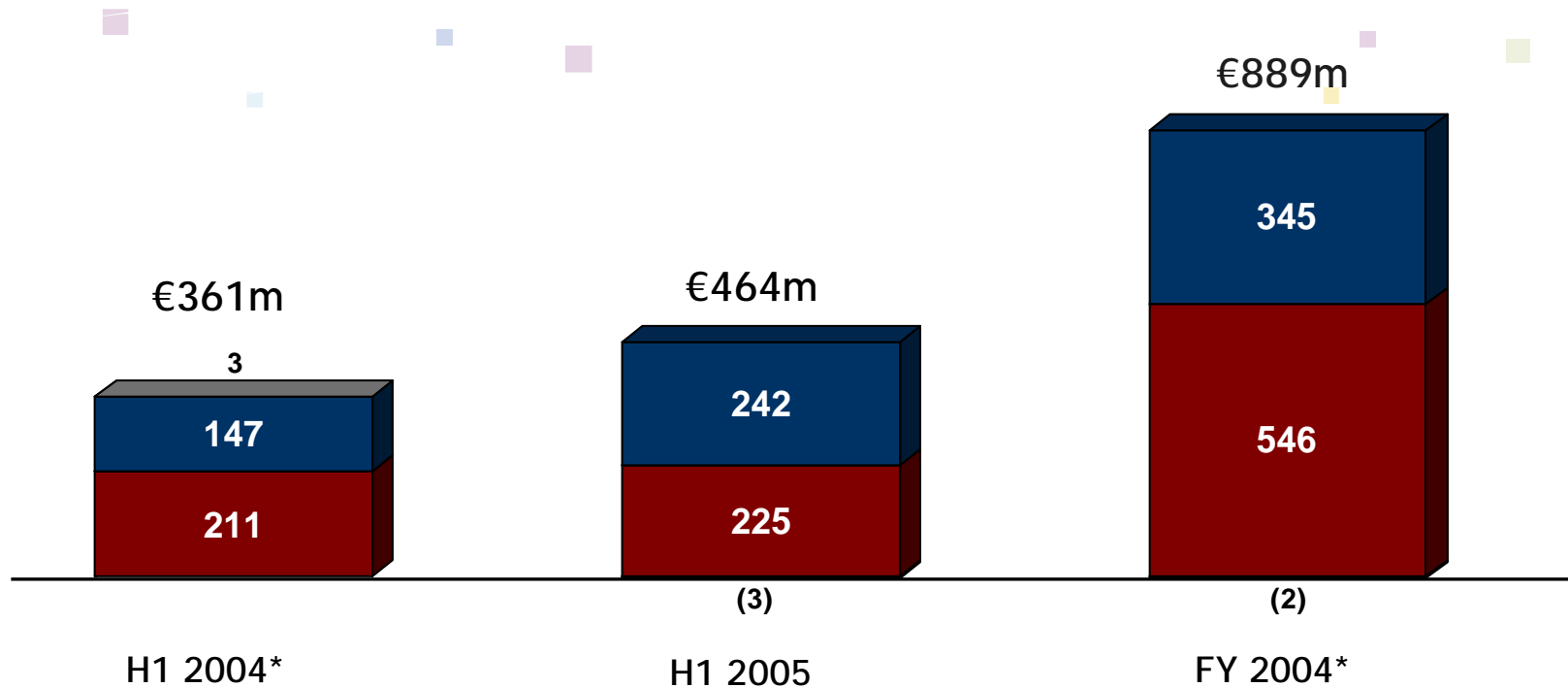
- *CanalSat* contribution:

- H1 2005: €27m

- H1 2004: €25m

# Earnings before interest & tax (EBIT) by division

14



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



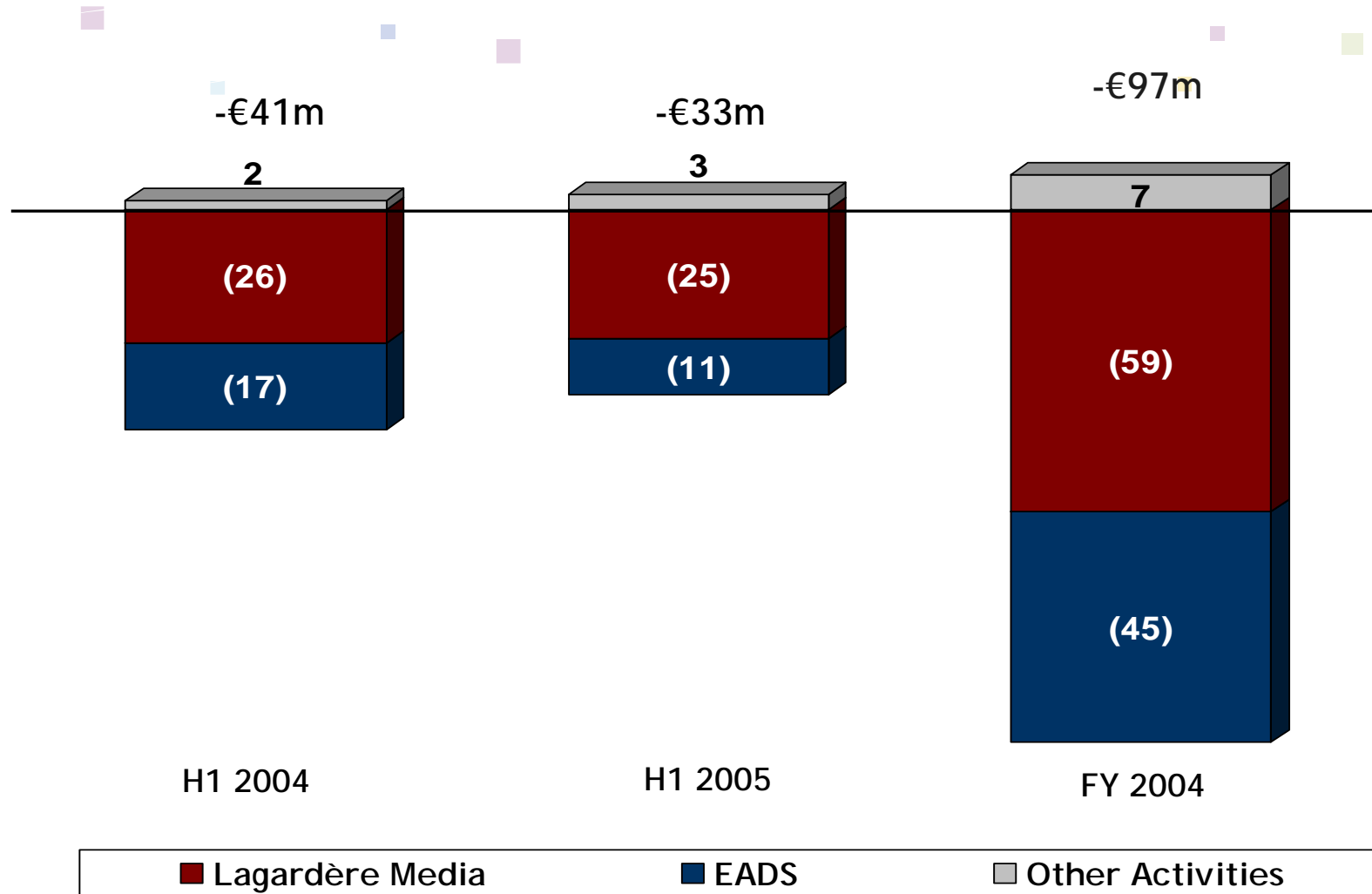
⇒ EBIT growth: 28.6%

→ First Half 2005 Results

Lagardère

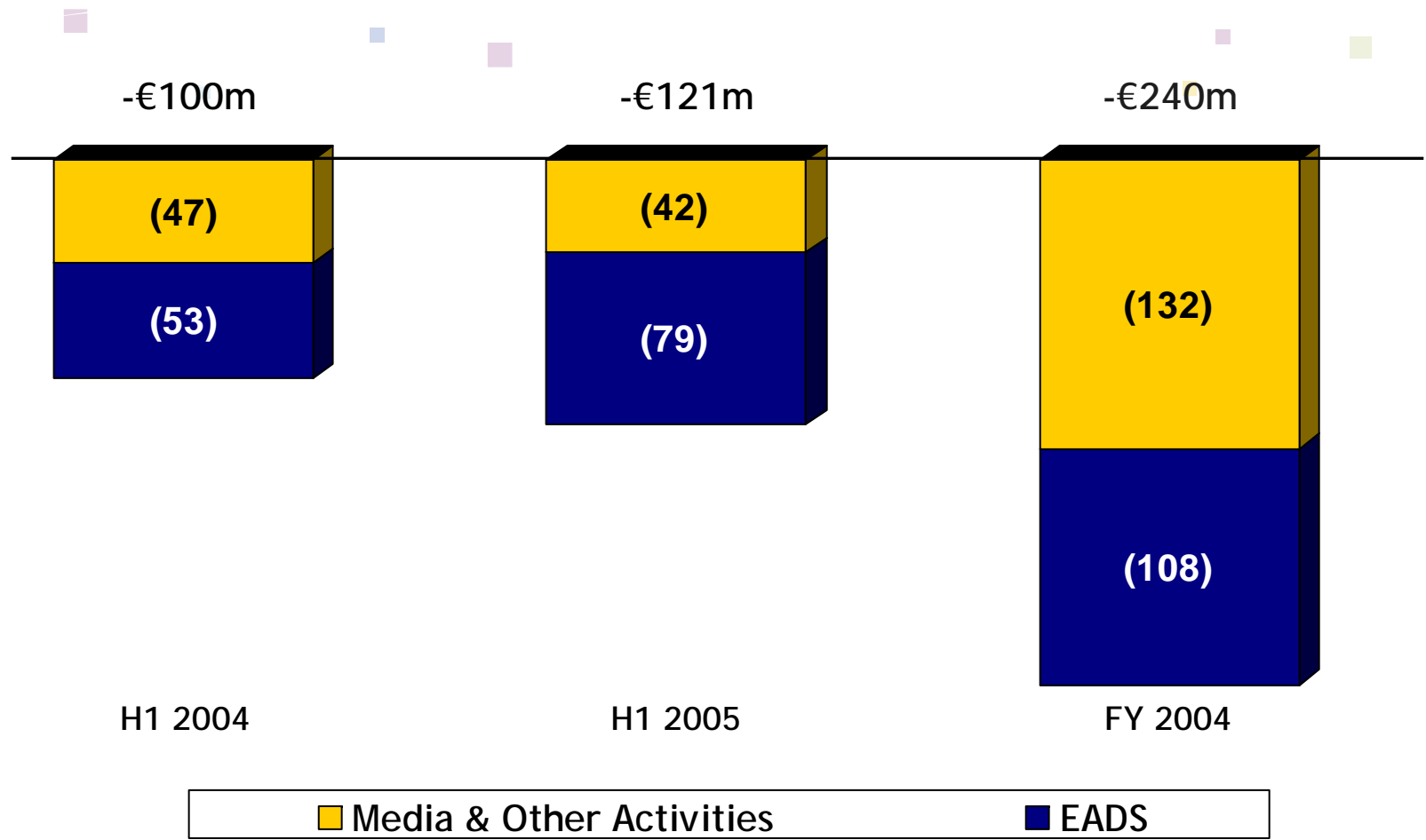
# Net interest income/(expense) by division

15



→ First Half 2005 Results

*Lagardère*



→ First Half 2005 Results

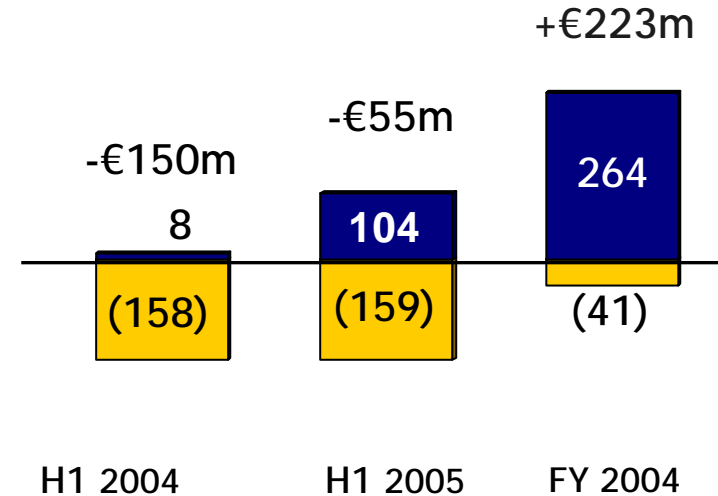
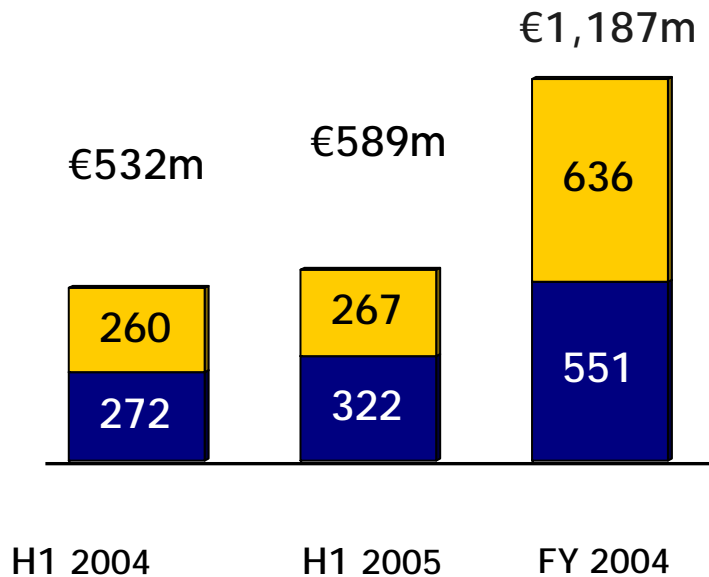


(€m)	H1 2004			H1 2005			FY 2004		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Net sales	3,502	2,190	5,692	3,734	2,418	6,152	7,501	4,795	12,296
<b>EBIT</b>	<b>214</b>	<b>147</b>	<b>361</b>	<b>222</b>	<b>242</b>	<b>464</b>	<b>544</b>	<b>345</b>	<b>889</b>
Net interest expense	(24)	(17)	(41)	(22)	(11)	(33)	(52)	(45)	(97)
Income tax expense	(47)	(53)	(100)	(42)	(79)	(121)	(132)	(108)	(240)
<b>Net profit before minority interests</b>	<b>143</b>	<b>77</b>	<b>220</b>	<b>158</b>	<b>152</b>	<b>310</b>	<b>360</b>	<b>192</b>	<b>552</b>

<b>Net profit</b>	<b>129</b>	<b>63</b>	<b>192</b>	<b>142</b>	<b>125</b>	<b>267</b>	<b>335</b>	<b>160</b>	<b>495</b>
Minority interests	14	14	28	16	27	43	25	32	57

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

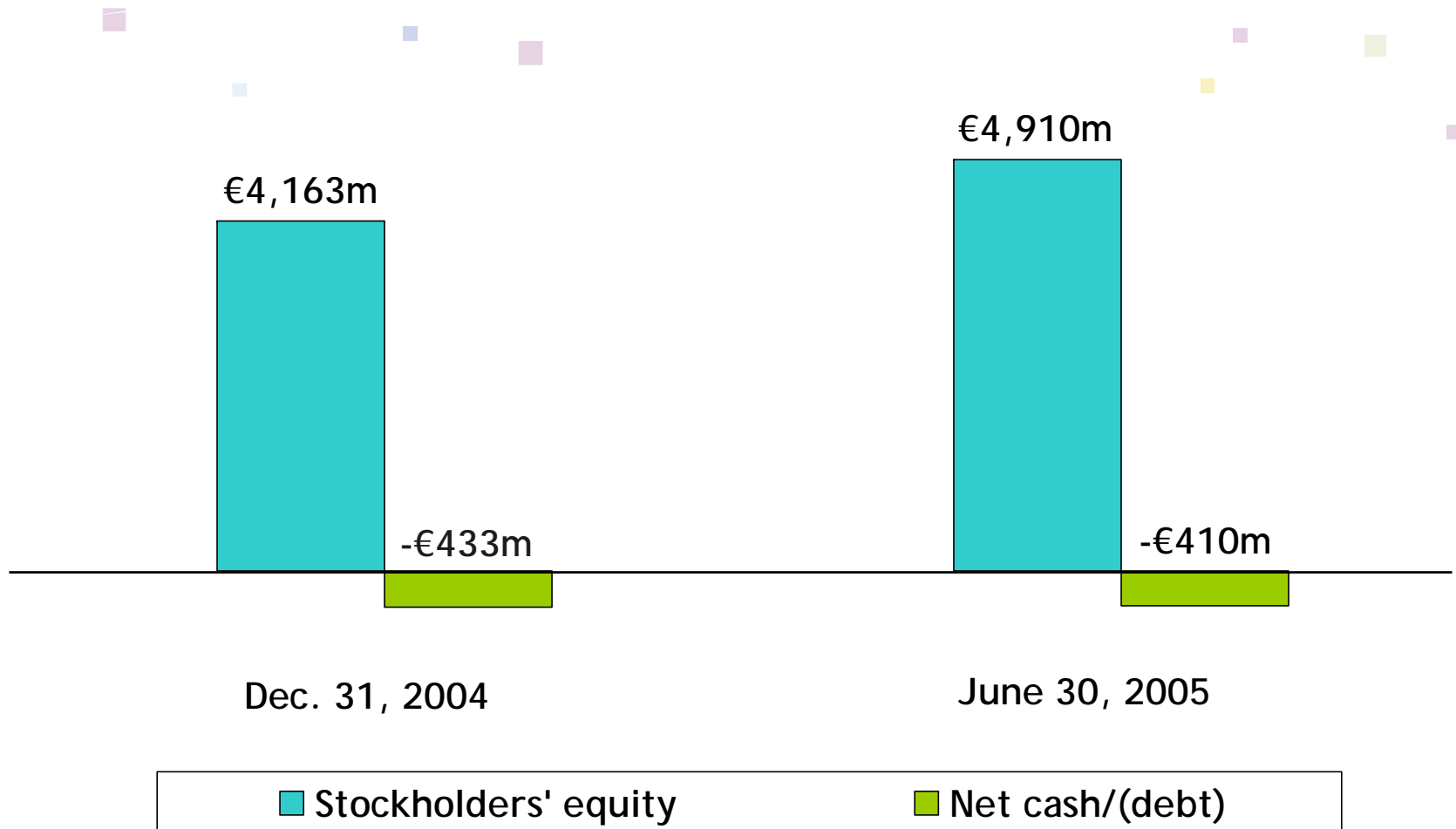
Changes in working capital



(€m)	H1 2004			H1 2005			FY 2004		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Cash flow from operations before interest, taxes and changes in working capital	260	272	532	267	322	589	636	551	1,187
Changes in working capital	(158)	8	(150)	(159)	104	(55)	(41)	264	223
<b>Net cash flow from operations</b>	<b>102</b>	<b>280</b>	<b>382</b>	<b>108</b>	<b>426</b>	<b>534</b>	<b>595</b>	<b>815</b>	<b>1,410</b>
Interest paid & received, income taxes paid	(118)	(36)	(154)	(81)	(2)	(83)	(203)	(52)	(255)
<b>Net cash flow from operations after interest &amp; taxes</b>	<b>(16)</b>	<b>244</b>	<b>228</b>	<b>27</b>	<b>424</b>	<b>451</b>	<b>392</b>	<b>763</b>	<b>1,155</b>
<b>Investments</b>	<b>(212)</b>	<b>(251)</b>	<b>(463)</b>	<b>(113)</b>	<b>(256)</b>	<b>(369)</b>	<b>(640)</b>	<b>(681)</b>	<b>(1,321)</b>
<i>Intangible assets &amp; PP&amp;E</i>	(132)	(195)	(327)	(72)	(185)	(257)	(216)	(554)	(770)
<i>Financial assets</i>	(80)	(56)	(136)	(41)	(71)	(112)	(424)	(127)	(551)
<b>Disposals</b>	<b>43</b>	<b>40</b>	<b>83</b>	<b>32</b>	<b>75</b>	<b>107</b>	<b>723</b>	<b>112</b>	<b>835</b>
<i>Intangible assets &amp; PP&amp;E</i>	18	5	23	5	25	30	24	17	41
<i>Financial assets</i>	25	35	60	27	50	77	699	95	794
<b>(Purchase)/disposal of short-term investments</b>	<b>(22)</b>	<b>33</b>	<b>11</b>	<b>582</b>	<b>(56)</b>	<b>526</b>	<b>(12)</b>	<b>(11)</b>	<b>(23)</b>
<b>Net cash flow from investing activities</b>	<b>(191)</b>	<b>(178)</b>	<b>(369)</b>	<b>501</b>	<b>(237)</b>	<b>264</b>	<b>71</b>	<b>(580)</b>	<b>(509)</b>
<b>Net cash flow from operating &amp; investing activities</b>	<b>(207)</b>	<b>66</b>	<b>(141)</b>	<b>528</b>	<b>187</b>	<b>715</b>	<b>463</b>	<b>183</b>	<b>646</b>

→ First Half 2005 Results

(€m)	June 30, 2005			December 31, 2004		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
<b>Non-current assets</b>	5,661	4,521	10,182	5,573	3,618	9,191
<b>Current assets</b>	3,474	4,931	8,405	4,438	4,337	8,775
<i>of which short term investments &amp; cash</i>	<i>811</i>	<i>1,542</i>	<i>2,353</i>	<i>1,957</i>	<i>1,414</i>	<i>3,371</i>
<b>TOTAL ASSETS</b>	<b>9,135</b>	<b>9,452</b>	<b>18,587</b>	<b>10,011</b>	<b>7,955</b>	<b>17,966</b>
<b>Stockholders' equity</b>	3,123	1,787	4,910	2,945	1,218	4,163
<b>Non-current liabilities</b>	2,144	3,752	5,896	2,695	3,126	5,821
<i>of which debt</i>	<i>1,254</i>	<i>766</i>	<i>2,020</i>	<i>1,819</i>	<i>665</i>	<i>2,484</i>
<b>Current liabilities</b>	3,868	3,913	7,781	4,371	3,611	7,982
<i>of which debt</i>	<i>634</i>	<i>109</i>	<i>743</i>	<i>1,211</i>	<i>109</i>	<i>1,320</i>
<b>TOTAL STOCKHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>9,135</b>	<b>9,452</b>	<b>18,587</b>	<b>10,011</b>	<b>7,955</b>	<b>17,966</b>



(€m)	Dec 31, 2004	Change	June 30, 2005
<b>Net debt</b>	433	(23)	410
EADS net cash	640	27	667
T-Online	626	(581)	45
<b>Net debt (excluding EADS &amp; T-Online)</b>	<b>1,699</b>	<b>(577)</b>	<b>1,122</b>

# Financial indicators by business segment

(€m)	H1 2004	H1 2005	FY 2004
<i>Books</i>	575	720	1,420
<i>Press</i>	908	909	1,848
<i>Distribution Services</i>	1,751	1,799	3,675
<i>Lagardere Active</i>	268	306	558
Lagardère Media	3,502	3,734	7,501
EADS	2,190	2,418	4,795
TOTAL	5,692	6,152	12,296



(€m)	H1 2004*	H1 2005	FY 2004*
<i>Books</i>	34	53	164
<i>Press</i>	72	68	168
<i>Distribution Services</i>	41	40	101
<i>Lagardere Active</i>	30	34	37
Lagardère Media	177	195	470
EADS	151	221	350
Other activities	3	(1)	3
Recurring EBIT before associates	331	415	823

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

(€m)	H1 2004*	H1 2005	FY 2004*
Net sales	3,502	3,734	7,501
Recurring EBIT before associates	177	195	470
Income from associates	32	33	41
Non-recurring items	2	(3)	35
EBIT	211	225	546
Net interest expense	(26)	(25)	(59)
Net profit before tax & minority interests	185	200	487
Operating margin	5.0%	5.2%	6.3%
Operating margin excl. Distribution Services	7.8%	8.0%	9.6%

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

→ First Half 2005 Results



(€m)	H1 2004*				H1 2005			
	Broadcast		Broadband	Lagardere Active	Broadcast		Broadband	Lagardere Active
	Radio	TV			Radio	TV		
<b>Net sales</b>	122	101	45	268	130	123	53	306
<b>Recurring EBIT before associates</b>	30	1	(1)	30	32	8	(6)	34

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

→ First Half 2005 Results

(€m)	H1 2004	H1 2005	FY 2004
Cash flow from operations before interest, taxes & changes in working capital	272	277	684
Changes in working capital	(93)	(136)	41
<b>Net cash flow from operations</b>	<b>179</b>	<b>141</b>	<b>725</b>
Interest paid & received and income taxes paid	(160)	(108)	(274)
<b>Net cash flow from operations after interest &amp; taxes</b>	<b>19</b>	<b>33</b>	<b>451</b>
<b>Investments</b>	<b>(210)</b>	<b>(109)</b>	<b>(624)</b>
<i>Intangible assets &amp; PP&amp;E</i>	(131)	(71)	(204)
<i>Financial assets</i>	(79)	(38)	(420)
<b>Disposals</b>	<b>43</b>	<b>32</b>	<b>726</b>
<i>Intangible assets &amp; PP&amp;E</i>	18	5	23
<i>Financial assets</i>	25	27	703
(Purchase)/disposal of short-term investments	(22)	582	(13)
<b>Net cash flow from investing activities</b>	<b>(189)</b>	<b>505</b>	<b>89</b>
<b>Net cash flow from operating &amp; investing activities</b>	<b>(170)</b>	<b>538</b>	<b>540</b>

## Cash Flow Statement by business segment (H1 2005)

(€m)	Books	Press	Distribution Services	Lagardere Active	Lagardère Media
Cash flow from operations before interest, taxes & changes in working capital	68	68	65	76	277
Changes in working capital	(82)	(16)	(30)	(8)	(136)
<b>Net cash flow from operations</b>	<b>(14)</b>	<b>52</b>	<b>35</b>	<b>68</b>	<b>141</b>
Interest paid & received and income taxes paid	(37)	(30)	(18)	(23)	(108)
<b>Net cash flow from operations after interest &amp; taxes</b>	<b>(51)</b>	<b>22</b>	<b>17</b>	<b>45</b>	<b>33</b>
<b>Investments</b>	<b>(15)</b>	<b>(20)</b>	<b>(41)</b>	<b>(33)</b>	<b>(109)</b>
<i>Intangible assets &amp; PP&amp;E</i>	(11)	(18)	(36)	(6)	(71)
<i>Financial assets</i>	(4)	(2)	(5)	(27)	(38)
<b>Disposals</b>					
<i>Intangible assets &amp; PP&amp;E</i>	2	4	2	24	32
<i>Financial assets</i>	2	1	1	1	5
		3	1	23	27
(Purchase)/disposal of short-term investments	-	-	-	582	582
<b>Net cash flow from investing activities</b>	<b>(13)</b>	<b>(16)</b>	<b>(39)</b>	<b>573</b>	<b>505</b>
<b>Net cash flow from operating &amp; investing activities</b>	<b>(64)</b>	<b>6</b>	<b>(22)</b>	<b>618</b>	<b>538</b>

## Cash Flow Statement by business segment (H1 2004)

(€m)	Books	Press	Distribution Services	Lagardere Active	Lagardère Media
Cash flow from operations before interest, taxes & changes in working capital	49	86	67	70	272
Changes in working capital	(70)	(29)	(4)	10	(93)
<b>Net cash flow from operations</b>	<b>(21)</b>	<b>57</b>	<b>63</b>	<b>80</b>	<b>179</b>
Interest paid & received and income taxes paid	(38)	(38)	(8)	(76)	(160)
<b>Net cash flow from operations after interest &amp; taxes</b>	<b>(59)</b>	<b>19</b>	<b>55</b>	<b>4</b>	<b>19</b>
<b>Investments</b>	<b>(15)</b>	<b>(91)</b>	<b>(33)</b>	<b>(71)</b>	<b>(210)</b>
<i>Intangible assets &amp; PP&amp;E</i>	(15)	(77)	(33)	(6)	(131)
<i>Financial assets</i>	-	(14)	-	(65)	(79)
<b>Disposals</b>	<b>10</b>	<b>10</b>	<b>14</b>	<b>9</b>	<b>43</b>
<i>Intangible assets &amp; PP&amp;E</i>	1	4	12	1	18
<i>Financial assets</i>	9	6	2	8	25
(Purchase)/disposal of short-term investments	-	-	(22)	-	(22)
<b>Net cash flow from investing activities</b>	<b>(5)</b>	<b>(81)</b>	<b>(41)</b>	<b>(62)</b>	<b>(189)</b>
<b>Net cash flow from operating &amp; investing activities</b>	<b>(64)</b>	<b>(62)</b>	<b>14</b>	<b>(58)</b>	<b>(170)</b>

→ First Half 2005 Results

(€m)	EADS 100% (in Lagardère format)	Reclassification of financial items	Amortization/ depreciation of fair value adjustments to non-current assets	EADS 100% (restated)	EADS 15.091% (as consolidated by Lagardere)
<b>Net sales</b>	<b>16,020</b>			<b>16,020</b>	<b>2,418</b>
<b>EBIT</b>	1,476	103	25	1,604	242
Net interest income/(expense)	26	(103)		(77)	(11)
Income tax expense	(511)		(9)	(520)	(79)
<b>Net profit before minority interests</b>	<b>991</b>	<b>0</b>	<b>16</b>	<b>1,007</b>	<b>152</b>
Net profit	816		16	832	125
Minority interests	175			175	27

(€m)	H1 2004	H1 2005	FY 2004
Net sales	2,190	2,418	4,795
Recurring EBIT before associates	151	221	350
Income from associates	7	19	13
Non-recurring items	(11)	2	(18)
EBIT	147	242	345
Net interest expense	(17)	(11)	(45)
Net profit before tax & minority interests	130	231	300

→ First Half 2005 Results



(€m)	H1 2004	H1 2005	FY 2004
Cash flow from operations before interest, taxes & changes in working capital	272	322	551
Changes in working capital	8	104	264
<b>Net cash flow from operations</b>	<b>280</b>	<b>426</b>	<b>815</b>
Interest paid & received and income taxes paid	(36)	(2)	(52)
<b>Net cash flow from operations after interest &amp; taxes</b>	<b>244</b>	<b>424</b>	<b>763</b>
<b>Investments</b>	<b>(251)</b>	<b>(256)</b>	<b>(681)</b>
<i>Intangible assets &amp; PP&amp;E</i>	(195)	(185)	(554)
<i>Financial assets</i>	(56)	(71)	(127)
<b>Disposals</b>	<b>40</b>	<b>75</b>	<b>112</b>
<i>Intangible assets &amp; PP&amp;E</i>	5	25	17
<i>Financial assets</i>	35	50	95
<b>(Purchase)/disposal of short-term investments</b>	<b>33</b>	<b>(56)</b>	<b>(11)</b>
<b>Net cash flow from investing activities</b>	<b>(178)</b>	<b>(237)</b>	<b>(580)</b>
<b>Net cash flow from operating &amp; investing activities</b>	<b>66</b>	<b>187</b>	<b>183</b>

→ First Half 2005 Results

(€m) June 30, 2005	EADS 100%	Lagardère restatements	EADS 100% (restated)	EADS 15.091% (restated)
<b>Non-current assets</b>	35,760	(5,798)	29,962	4,521
<b>Current assets</b>	32,292	382	32,674	4,931
<i>of which short-term investments &amp; cash</i>	9,836	382	10,218	1,542
<b>TOTAL ASSETS</b>	<b>68,052</b>	<b>(5,416)</b>	<b>62,636</b>	<b>9,452</b>
<b>Stockholders' equity</b>	17,002	(5,160)	11,842	1,787
<b>Non-current liabilities</b>	25,121	(256)	24,865	3,752
<i>of which debt</i>	5,079		5,079	766
<b>Current liabilities</b>	25,929		25,929	3,913
<i>of which debt</i>	726		726	109
<b>TOTAL STOCKHOLDERS' EQUITY AND LIABILITIES</b>	<b>68,052</b>	<b>(5,416)</b>	<b>62,636</b>	<b>9,452</b>

(€m)	H1 2004*	H1 2005	FY 2004*
EBIT	3	(1)	3
Non-recurring items	0	(2)	(5)
Net interest expense	2	3	7
Net profit	5	0	5

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

(€m)	H1 2004	H1 2005	FY 2004
Lagardère Media	185	200	487
EADS	130	231	300
Other Activities	5	0	5
<b>Net profit before tax</b>	<b>320</b>	<b>431</b>	<b>792</b>
Income tax expense	(100)	(121)	(240)
<b>Net profit before minority interests</b>	<b>220</b>	<b>310</b>	<b>552</b>
<b>Net profit</b>	<b>192</b>	<b>267</b>	<b>495</b>
Minority interests	28	43	57

→ First Half 2005 Results

# Reconciliation of recurring EBIT before associates to EBIT

Details by business segment

## EBIT – H1 2005

(€m)	Books	Press	Distribution Services	Lagardere Active	Other Activities	Total excl. EADS	EADS	Total Lagardère
<b>Recurring EBIT before associates</b>	<b>53</b>	<b>68</b>	<b>40</b>	<b>34</b>	<b>(1)</b>	<b>194</b>	<b>221</b>	<b>415</b>
Impairment of PP&E and intangibles		(1)				(1)		(1)
Net gain/(loss) on disposals	1			6	(2)	5	8	13
Restructuring costs		(9)				(9)	(6)	(15)
Income from associates		5		28		33	19	52
<b>EBIT</b>	<b>54</b>	<b>63</b>	<b>40</b>	<b>68</b>	<b>(3)</b>	<b>222</b>	<b>242</b>	<b>464</b>

# Reconciliation of recurring EBIT before associates

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## to EBIT – H1 2004

(€m)	Books	Press	Distribution Services	Lagardere Active	Other Activities	Total excl. EADS	EADS	Total Lagardère
<b>Recurring EBIT before associates</b>	<b>34</b>	<b>72</b>	<b>41</b>	<b>30</b>	<b>3</b>	<b>180</b>	<b>151</b>	<b>331</b>
Impairment of PP&E and intangibles		(1)				(1)		(1)
Net gain/(loss) on disposals	1	2	2			5		5
Restructuring costs		(2)				(2)	(11)	(13)
Income from associates		7		25		32	7	39
<b>EBIT</b>	<b>35</b>	<b>78</b>	<b>43</b>	<b>55</b>	<b>3</b>	<b>214</b>	<b>147</b>	<b>361</b>

→ First Half 2005 Results

*Lagardère*

# Reconciliation of recurring EBIT before associates

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## to EBIT – FY 2004

(€m)	Books	Press	Distribution Services	Lagardere Active	Other Activities	Total excl. EADS	EADS	Total Lagardère
<b>Recurring EBIT before associates</b>	<b>164</b>	<b>168</b>	<b>101</b>	<b>37</b>	<b>3</b>	<b>473</b>	<b>350</b>	<b>823</b>
Impairment of PP&E 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
<b>EBIT</b>	<b>167</b>	<b>122</b>	<b>99</b>	<b>158</b>	<b>(2)</b>	<b>544</b>	<b>345</b>	<b>889</b>

→ First Half 2005 Results

*Lagardère*





# Additional balance sheet information

(€m)	June 30, 2005	Less than 1 year	1 to 5 years	Over 5 years	Total
Bonds		165	130	467	762
Bank borrowings		91	506	48	645
Finance lease obligations		11	70	4	85
Other long-term debt		202	20	9	231
Short-term borrowings		165			165
<b>TOTAL</b>		<b>634</b>	<b>726</b>	<b>528</b>	<b>1,888</b>

**Short-term investments & cash (excl. EADS): €811m**

(€m)	June 30, 2005	Dec 31, 2004
<b>Commitments to purchase shares from:</b> - minority investors in subsidiaries fully consolidated by Lagardère - joint investors in subsidiaries proportionately consolidated by Lagardère	40 15	40 39
<b>Commitments given in connection with ordinary activities:</b> - guarantees and performance bonds - guarantees in favor of third parties or non-consolidated companies	44 56	57 61
Mortgages and pledges of assets	4	4

	<u>French GAAP</u>	<u>IFRS</u> • <u>after corporate cost re allocation</u> • <u>after SO costs</u>
Books	12.0%	11.3%
Press	12.0%	11.7%
Distribution Services	3.0%	3.5%
Lagardere Active	10.0%	8.9%



## Significant events



→ OVERVIEW

■ **2005 first-half performances:**

- Net sales: up 7.2% on a like-for-like basis  
up 25.2% on a reported basis
- Recurring EBIT before associates: up 58%

■ **Market context in the first half of 2005:**

- Very weak growth in French publishing market
- Marked decline in point-of-sale footfall
- Growth for Hachette Books in virtually all editorial segments
- Integration of Hodder Headline

## → FRANCE

### ■ Literature:

- Continuing impact of *Da Vinci Code* (Lattès): 400,000 copies sold year-to-date
- *Anges et Démons* (Lattès): 850,000 copies sold since March 2005
- Very good performances by Grasset and Calmann-Lévy

### ■ Education:

- First half not meaningful for this segment
- Hachette Education and Hatier performing well

### ■ Hachette Illustrated:

- Fine growth in children's books and practical titles

### ■ Larousse:

- Sales in line with forecasts in France

## → FRANCE

### ■ Academic & Trade:

- Start of year in line with growth and margin targets
- Proposed sale of Dalloz to Éditions Lefebvre Sarrut announced in June 2005: trade publishing is not regarded as core to Hachette's consumer publishing business

### ■ Distribution:

- Preparations continue for integration of newly-acquired companies

### ■ Part-works:

- Mixed picture in France
- Redeployment to other countries in line with rollout strategy

## → SPAIN

- Sales in line with forecasts overall
- Good first half for Salvat in part-works
- Fine growth in Latin America, especially Mexico



## → UK

- Acquisition of Hodder Headline: a milestone in the expansion of Lagardère
- First half of 2005 focused on reorganization of Hachette UK
- Change of management at Octopus
- Strong sales performances at Orion and Watts

## → 2005 FULL-YEAR OUTLOOK

- Clear strategy, focused on expansion in:
  - core Hachette Livre segments (education, literature, illustrated);
  - key language zones: French, English and Spanish
- Short-term ambition: to optimize the publishing houses acquired in 2003 and 2004



## → OVERVIEW

### ■ 2005 first-half performances:

- Net sales: up 0.6% on a like-for-like basis  
up 0.2% on a reported basis
- Recurring EBIT before associates: down 6.0%

### ■ Market context in the first half of 2005:

- Tension in magazine advertising market in most countries
- Intensifying competition for titles in France and internationally
- Lagardère growth driven by recent investments in launches and acquisitions

### ■ Significant events of the period:

- Discontinuation of “Oh La!” in mid-April 2005
- Shake-up of Italian operations
- Further international rollouts of “Psychologies Magazine”

## → MAGAZINE PUBLISHING: FRANCE

### ■ **Portfolio**

- News-stand sales ahead overall, subscription sales steady
- Good performances from **Paris-Match**, **Elle** and **Entrevue**
- Rest of the portfolio fairly flat

### ■ **Public:**

- Circulation of over 340,000 paid-for copies (source: DSH July 04/June 05)
- Over 1,150,000 readers in first readership survey (AEPM 2004)
- Market leader among female readers in the 15-34 age bracket
- Advertising revenues ahead of expectations

### ■ **Choc:**

- Average circulation of over 400,000 in the first half of 2005
- Significant positive impact on first-half results
- Breakeven reached in early 2005, just 6 months after launch

### ■ **Psychologies Magazine:**

- Stake in the magazine's publisher acquired in July 2004
- Good circulation growth (averaging 360,000 in the first half of 2005)
- Concept extended to younger women with **Mood**, launched September 2005

## → MAGAZINE PUBLISHING: INTERNATIONAL

- **USA:** Advertising market under severe pressure, second quarter better than first
- **Russia:** TV guides conquering more cities
- **Spain:** Satisfactory performance, thanks to launches
- **Italy:** Advertising revenues holding steady, decline in circulation halted
- **UK:**
  - Mounting competition in youth market
  - Women's magazines **Elle** and **Red** resisting new rivals well
- **Japan:** Market remains very tough

### ■ Networks:

- Launch of two regional rollouts of **Psychologies Magazine** (Italy and Spain)
- Launch of English version under preparation
- Research into adapting the concept to the Chinese market

## → REGIONAL DAILY PRESS

- Local advertising still performing well
- Circulation sales steady, with price rise in Nice offsetting volume erosion
- **Marseilleplus** freesheet in line with business plan, and enjoying editorial synergies with the Puissanceplus network
- Good performances from **Version Femina** and **TV Hebdo**

## → NON-PRESS ACTIVITIES

- Further growth in licensing activities, especially in Asia

## → 2005 FULL-YEAR OUTLOOK

- Difficult to predict given the world economic situation
- Advertising markets set to firm up in the short term

  
→ OVERVIEW■ **2005 first-half performances:**

- Net sales: up 1.2% on a like-for-like basis  
up 2.7% on a reported basis
- Recurring EBIT before associates: down 1.1% on a like-for-like basis  
(up 1.1% on a reported basis)

■ **Retail:**

- Ahead of 2004 thanks to recovery in air passenger traffic and expansion of networks, mainly in central Europe
- French retail activities adversely affected by decline in music market
- Weak or even declining press/tobacco market in many countries

■ **Distribution:**

- In decline due to general contraction of the press market
- Negative impact of the fall in the US dollar



→ FRANCE

■ **Relais H:**

- Net sales up 0.8% on first half of 2004
- Growth for Tour Eiffel and hospitals networks, SNCF network flat
- Further diversification as new formats rolled out
- Press and tobacco markets in decline

■ **Aelia:**

- Net sales up 7.1% in the first half of 2005
- Trading upturn in airports as air passenger traffic recovers
- Outlets opened in the UK (Luton and Belfast airports)

■ **Cultural products retailing:**

- *Virgin* sales down 0.2%
- Structural decline in music market offset at *Virgin* by growing sales of video, books and stationery
- Development of *VirginMega.fr*, French market leader in pay-to-download music sites with nearly 40% market share



## → EUROPE

### ■ Belgium:

- Retail network sales slightly down (by 0.5%) on contraction in the press market
- Net sales for the AMP press distribution business up 1.1% in H1 2005 (declining press market, but growth in phonecards)

### ■ Spain:

- SGEL net sales down 5.5% in the first half of 2005
- Part-works back to normal after an exceptional 2004
- Flat sales for SGEL retail activities (down 0.2%)

### ■ Switzerland:

- Naville (press distribution/retail) down 2.4% on a declining press market
- High growth rate (5.4%) for book wholesaler OLF



## → EASTERN EUROPE

### ■ Poland:

- Retail operations up 26% on network expansion (318 outlets, vs 240 in June 2004)
- Distribution up 6.8% thanks to growth in the press market

### ■ Hungary:

- Sales up 1.1%, despite marked decline in the press market, thanks to growth in the modernized store network (51 new outlets in 2005) and in non-press activities

## → NORTH AMERICA

- Net sales for distribution business stable vs H1 2004, despite a declining press market ■
- Retail activities up 2.2% on H1 2004
  - United States:
    - Sales up 3.5% on recovery in airport footfall
  - Canada:
    - 1.7% up on H1 2004 on buoyant air passenger traffic and expansion of Canadian airports, though outlets in tourist and shopping centers are still in sharp decline

## → AUSTRALIA

- Strong sales growth at Newslink (up 18.1% on H1 2004)
- Four outlets acquired from Collins in June 2005

## → FULL-YEAR PROSPECTS FOR 2005

- Further growth in retail activities (acquisition of outlets in Australia and Hong Kong)
- Weakness in distribution, due to a weak press market



## → OVERVIEW

### ■ 2005 first-half performances:

- Net sales: up 12.2% on a like-for-like basis  
up 14.3% on a reported basis
- Recurring EBIT before associates: up 13.8%

## → ADVERTISING SALES HOUSES

- Net sales up 1% compared with first half of 2004
- Growth driven by TV advertising sales, with radio advertising sales flat versus 2004

## → RADIO

- Net sales up 8.6% compared with the first half of 2004
- International radio sales up 4% on a like-for-like basis

### ■ France:

- Net sales down 3% overall mainly due to Europe 2 ratings weakness
- Audience growth at Europe 1 (cumulative audience 9.8%, audience share 8.3%)
- Consolidation of RFM's position (cumulative audience 4.7%, audience share 3.4%)
- 1-point fall in Europe 2 audience vs same period in 2004 (cumulative audience 5.5%, audience share 2.8%)

## → TELEVISION

- Net sales up 21% versus first half of 2004 thanks to:
  - Production (up 29%), especially GMT Productions
  - Theme Channels (up 8%)

### ■ Theme Channels:

- Good results in the latest round of MediaCabstat audience ratings, for the period from December 27, 2004 to June 12, 2005
- Canal J and TiJi confirmed as no.1 and no.2 children's channels for 4-10 age bracket
- Canal J: no.4 across all formats with 1.2% audience share
- Filles TV: no.1 channel for girls/women in 11-24 age bracket
- MCM: no.1 music channel with 0.5% audience share in the 4+ age bracket
- MCM Music offering (MCM, MCM TOP, MCM POP) ahead of aggregate market share of other music channels in the 15-34 age bracket
- Decision taken in July to shut down Match TV

### ■ Digital Terrestrial TV:

- Three licenses obtained by Lagardère:
  - 2 in free-to-air (Europe 2 TV music channel, Gulli children's channel)
  - 1 in pay-TV (Canal J)



## → NEW MEDIA

### ■ Changes in scope:

- Scope now includes:
  - mobile phone content/service activities
  - web/CD-Rom activities
- July 2005 sale of Lagardere Active Broadband stake in Greenland Interactive

### ■ Business overview:

- Net sales up 17% on first half of 2004
- Growth driven by strong rise in mobile phone activities in United States and France
- Launch of further 100% mobile themed labels under preparation
- Continuing decline in CD-Rom market, other than games
- Similar level of sales maintained in H1 2005 as in H1 2004 on CD-Roms published by Hachette Multimedia. Nonetheless, net sales sharply down.



# Lagardère share performance

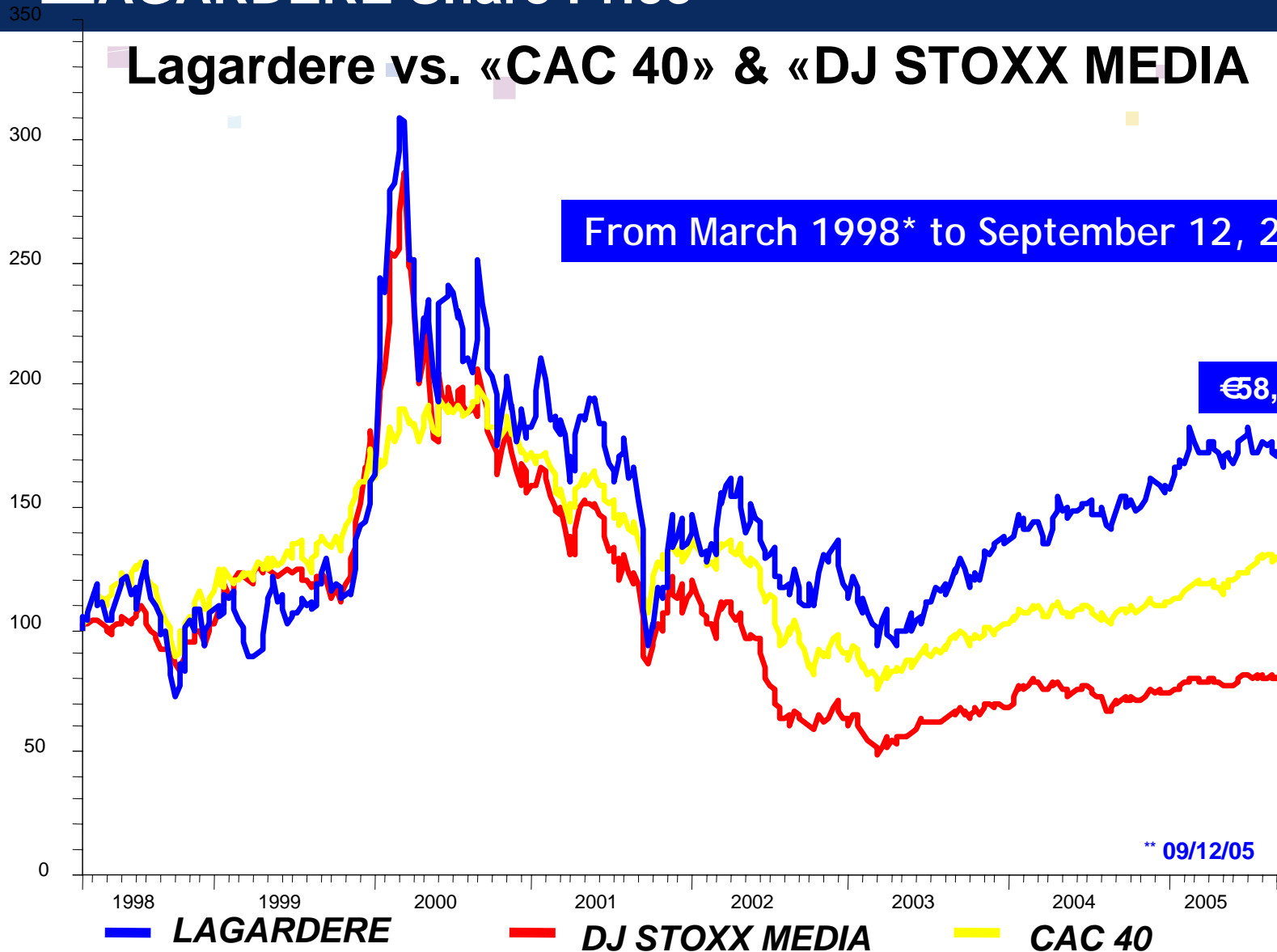
→ First Half 2005 Results

*Lagardère*

# LAGARDERE Share Price -

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

From March 1998\* to September 12, 2005



€58,45 \*\*

\*\* 09/12/05

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

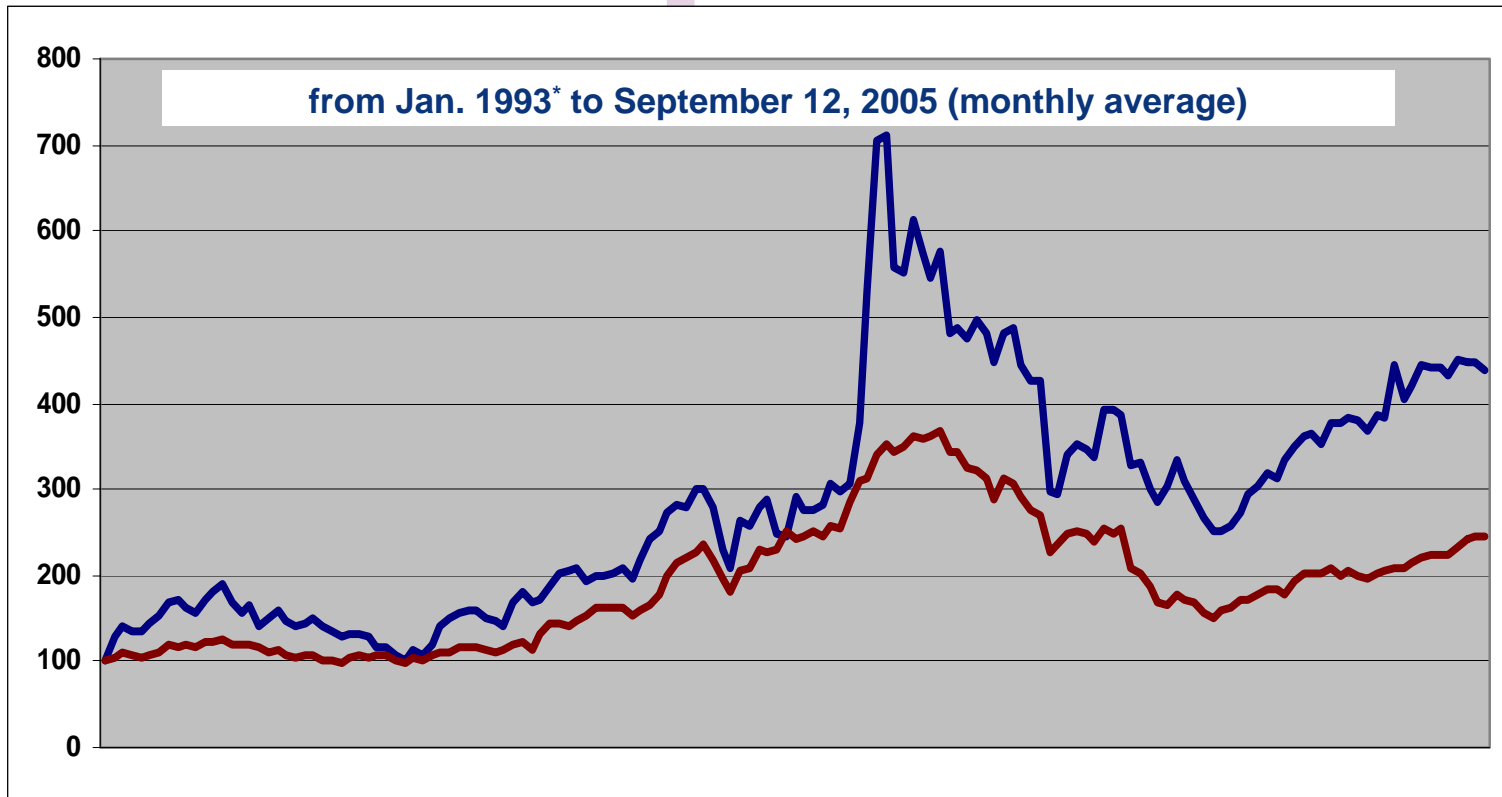
Source: DATASTREAM

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



# Share price performance – Lagardère vs. CAC40

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**LAGARDERE**

**CAC Index**

1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005

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

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

→ First Half 2005 Results

**Lagardère**