



Lagardère

→ Press release

**LAGARDERE SCA 2005 FIRST-HALF REVENUES:
UP 8.1% ON A REPORTED BASIS**

**LAGARDERE MEDIA POSTS GROWTH OF 6.6% ON A REPORTED BASIS
AND 2.8% ON A LIKE-FOR-LIKE BASIS^(*)**

In the first half of 2005, Lagardère Media revenues advanced by 6.6% on a reported basis. The reported figure was boosted by the consolidation of the activities of Hodder Headline, which lifted first-half revenues by €106.2m. The rise in the average exchange rate of the euro against the dollar had a negligible impact on first-half revenues.

Lagardère Media revenues rose by 2.8% on a like-for-like basis^(*) in the first half of 2005.

Highlights of the second quarter of 2005 were:

- **Books** – Another excellent performance by Hachette Livre, despite the expected slowdown in General Literature sales.
- **Press** – A good quarter, offsetting the negative effect of publication date timings in the early part of the year.
- **Distribution Services** – Better growth rate despite continuing tough comparatives in Spain.
- **Lagardère Active** – A good quarter, with a slowdown in TV Production (after an exceptional start to the year) and Radio, solid growth for theme channels, and very strong advances for the Broadband business.

LAGARDERE SCA consolidated revenues (including EADS, up 10.4%), increased by 8.1% in the first half of 2005 to €6,152.1m.

	Revenues (€m)		Year-on-year growth (reported)	Year-on-year growth (restated, like-for-like) ^(*)
	H1 2005	H1 2004 (IFRS proforma)		
. LAGARDERE MEDIA	3,734.5	3,501.9	6.6%	2.8%
- Books	719.7	574.7	25.2%	7.2%
- Press	909.5	907.9	0.2%	0.6%
- Distribution Services	1,799.3	1,751.5	2.7%	1.2%
- Lagardere Active	306.0	267.8	14.3%	12.2%
. EADS	2,417.6	2,190.3	10.4%	N/A
LAGARDERE SCA	6,152.1	5,692.2	8.1%	N/A

^(*) excluding changes in group structure and the impact of exchange rates
N/A: not available

LAGARDERE MEDIA

Revenue growth for the "**Lagardère Media**" business was 2.8% after excluding changes in group structure.

- **Hachette Livre**

Hachette Livre includes revenues generated by the British publisher Hodder Headline, which contributed €106.2m of sales during the first half of 2005.

On a like-for-like basis, revenues to end June 2005 rose by 7.2% (25.2% on a reported basis), slightly down on the first-quarter growth figure of 8.7%.

The main trends in the second quarter of 2005 were as follows:

- As expected, growth in General Literature slowed down as the Dan Brown effect ("Da Vinci Code" & "Angel & Demons") eased, but was nonetheless highly satisfactory. Among the best selling titles (other than Dan Brown books) were "Traité d'athéologie" by M. Onfray, "Le sourire aux larmes" by J.-P. Foucault, and the latest Umberto Eco, "La mystérieuse flamme de la reine Loana".
- Part-works saw a further strong rise in sales.

Other activities achieved growth slightly ahead of the market rate, especially in France.

- **Hachette Filipacchi Médias**

Hachette Filipacchi Médias is facing tough market conditions, keeping like-for-like basis growth down to 0.6% (0.2% on a reported basis) over the first half.

However, the division saw a slight uptrend between March and end June 2005, concentrated in the final month: to end March 2005, sales fell by 2.5% on a like-for-like basis.

Second-quarter sales in France showed an improvement relative to the first quarter, but with a mixed picture:

- Confirmation of the success of the new magazines "Choc!" and "Public", which shows no signs of weakening despite the launch of rival titles
- Decline at "Télé7Jours" stemmed
- Strong growth for "Elle", "Paris Match", "Psychologies" and "Entrevue"
- Sluggish performance by the other titles

Sales in the United States picked up in the second quarter, compensating for the weak first quarter.

The situation in Italy, previously challenging, is now stabilizing, but growth remains negative.

Japanese sales continue to disappoint, but the group's Russian and Chinese subsidiaries are posting substantial growth.

- **Hachette Distribution Services**

Hachette Distribution Services posted 1.2% like-for-like growth in the first half (2.7% on a reported basis), an improvement on the first-quarter figure (0.4% like-for-like).

This modest growth rate is still largely due to very tough comparatives for the Spanish business, which achieved organic growth of over 20% in the first half of 2004.

Outside Spain, sales remained at satisfactory levels in the second quarter. Growth was driven by a recovery in air travel, and operations located in Eastern Europe and Australia saw above-average growth.

The continuing decline in CD sales affected Virgin.

- **Lagardere Active**

Lagardere Active revenues have shown strong growth since the start of the year, rising by 12.2% on a like-for-like basis and 14.3% on a reported basis. However, the rate of growth slowed relative to the first quarter (19.1% like-for-like), as TV Production returned to a recurring growth rate after the first-quarter spike.

The main divisional trends in the first six months of the year were as follows:

Radio – Slight decline of 1.1%, concentrated in the second quarter (3.9% growth in the first quarter), due to tough comparatives and a slowdown in the market. Europe 2 is affected by weakening audience figures.

Television – TV Production returned to its recurring (and satisfactory) growth rate in the second quarter. This followed an exceptional first quarter, with billings up 62%. Over the first half as a whole, revenue growth was nonetheless a robust 30.5%. The theme channels again reported significant growth (10%, after 11% in the first quarter).

Lagardere Active Broadband – Penetration has increased again, with like for like sales up 25%.

- **Outlook**

The strong growth achieved by the Books division should not be extrapolated over the year as a whole. Education sales are second half weighted, and should be impacted by the lack of major curriculum changes.

For the Press division, the advertising market is still tough, and at this stage offers little hope of a marked improvement in the second half.

In Distribution, the effect of the tough comparatives in Spain should fade in the second half.

For Lagardere Active, visibility remains poor in Radio. The performance of the TV Production business is still subject to uncertainty on the timing of billings, though the underlying trend remains favorable. Theme channels are set for a good year.

Overall, the 2005 first-half performance confirms our prudent stance for 2005 as a whole, after a very good 2004. It also validates our guidance on growth in Recurring EBIT before Associates for the Media business (including Hodder Headline), which we expect to be in the “4%-8%” range already announced, based on the same parameters:

- euro/dollar exchange rate of 1.30
- excluding the impact of stock options
- excluding the impact of investment costs related to Digital Terrestrial Television

EADS

The figure shown on the "**EADS**" line represents 15.09% of the revenues generated by EADS (versus 15.04% in 2004).

EADS reported a 10.4% increase in consolidated revenues in the first half of 2005 relative to the same period of 2004. All divisions recorded growth. Airbus benefited from the recovery in the aeronautics cycle, making 189 deliveries, compared with 161 in the same period of 2004. Growth for the other divisions was largely driven by progress on current major defense programs: the A400M military transport aircraft, the Eurofighter combat aircraft, and the NH90 and Tigre military helicopters. The Space division was boosted by accelerated production on the Ariane5 launcher program.

Note: transition to IFRS

The figures provided above were prepared under International Financial Reporting Standards (IFRS). The 2004 financial statements as restated under IFRS for comparative purposes were unveiled at a presentation on May 17, 2005.

Since February 1, 2005, investors have been able to access currently-available information on the impact of first-time adoption of IFRS by viewing a presentation posted in the "Financial Information" section of our website: <http://www.lagardere.com/us>.

Paris, July 27, 2005

The Lagardère group is a market leader in the media sector (books, press, audiovisual, and distribution/retailing of cultural products), and also has interests in the high technology sector via a 15.09% stake in EADS. The group posted revenues of €12,296m in 2004, and employs 43,000 people in over 40 countries. The Lagardère group is listed on the Premier Marché of the Paris Bourse.

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