



# Lagardère

## PRESS RELEASE

**LAGARDÈRE SCA 2006 FIRST-QUARTER CONSOLIDATED REVENUES:  
UP 10.5% ON A REPORTED BASIS**

**LAGARDÈRE MEDIA REVENUES STABLE ON A REPORTED BASIS  
AND UP 1.3% ON A LIKE-FOR-LIKE BASIS (\*)**

Lagardère Media revenues for the three months ended March 31, 2006 were stable on a reported basis at €1,794m, and up 1.3% on a like-for-like basis.

This first-quarter revenue growth is not indicative of full-year trends, given the low proportion of sales generated in the period (usually only around 20% of the annual total) and the strong impact of tough comparatives, seasonal trends, and product mix. The overall performance for the start of 2006 is in line with the Group's forecasts.

#### Highlights of the first quarter of 2006:

- **Books** – Performance adversely affected (as expected) by tough comparatives, especially in General Literature, which recorded strong Dan Brown sales in the first quarter of 2005. Excluding the Dan Brown effect, satisfactory performance across all divisions.
- **Press** – Upturn in revenues in the early part of the year, with a recovery in advertising growth compensating for weak circulation figures.
- **Distribution Services** – A fine quarter, illustrating the steady improvement in trading in France (Aelia) and strong sales growth outside France (Eastern Europe and Asia).
- **Lagardère Active** – As expected, first-quarter sales down due to a very tough comparative in TV Production. Good performance for radio, especially internationally.

LAGARDERE SCA consolidated revenues, including EADS contribution (up 28.4%), rose by 10.5% over the quarter, to €3,152m.

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(\*) excluding changes in group structure and the effect of exchange rates, and including a pro-forma restatement of 2005 sales.

	Revenues (€m)		Year-on-year growth (reported)	Year-on-year growth (restated, like-for-like)
	Q1 2006	Q1 2005		
<b>. LAGARDERE MEDIA</b>	<b>1,794.2</b>	<b>1,794.9</b>	<b>0.0%</b>	<b>1.3%</b>
- Books	321.5	327.4	(1.8)%	(0.4)%
- Press	449.0	433.4	3.6%	0.8%
- Distribution Services	889.5	890.5	(0.1)%	3.6%
- Lagardere Active	134.2	143.6	(6.5)%	(6.7)%
<b>. EADS</b>	<b>1,357.6</b>	<b>1,057.6</b>	<b>28.4%</b>	<b>N/A</b>
<b>LAGARDERE SCA</b>	<b>3,151.8</b>	<b>2,852.5</b>	<b>10.5%</b>	<b>N/A</b>

N/A: not available

## LAGARDERE MEDIA

Lagardère Media recorded like-for-like growth of 1.3%.

- **Hachette Livre**

The figures for Hachette Livre do not include sales generated by Time Warner Book Group, which will be consolidated from the second quarter.

On a like-for-like basis, 2006 first-quarter sales were virtually unchanged, falling 0.4%. This was a decent performance given the very strong 8.7% like-for-like revenue growth achieved in the first quarter of 2005.

The tough prior-year comparative was mainly due to the Dan Brown effect: sales of “*The Da Vinci Code*” (450,000 copies in Q1 2005) and “*Angels & Demons*” (600,000 copies) drove the General Literature division to record-high growth levels of over 20% in 2005. In 2006, sales of “*Deception Point*”, though very promising, reached “only” 500,000 copies.

The other divisions, except for Larousse which enjoyed mixed fortunes in the first quarter, turned in decent performances, with Literature in the UK and partworks the best performers.

- **Hachette Filipacchi Médias**

Hachette Filipacchi Médias achieved revenue growth of 0.8% on a like-for-like basis (3.6% on a reported basis, due largely to favorable exchange rate effects), with advertising and circulation experiencing contrasting fortunes.

- The general trend in advertising is good in all countries, including France.
- Circulation is however still weak, with slight negative growth; virtually all the markets in which HFM operates are affected.
- HFM copy sales were also dented by the 2005 closure of under-performing magazine titles, especially in Italy, where 4 titles were closed in the first quarter of 2005.
- The very strong growth in China and Russia continued.

- **Hachette Distribution Services**

Hachette Distribution Services revenues rose by 3.6% on a like-for-like basis during the quarter, but fell by 0.1% on a reported basis.

As part of the general drive to improve the product mix and reduce operational risk, significant changes have been made to the contractual arrangements between the Belgian subsidiary AMP and some of its clients, which should lead to an improvement in the company's margins.

The new contracts also required a new accounting treatment of sales (now recognized as pure distribution commission) which explains the difference between like-for-like and reported sales growth.

The favorable trends seen in the second half of 2005 gathered pace in the first quarter of 2006:

- Aelia continued the recovery begun in 2005, linked with an upturn in air passenger traffic.
- Virgin continues to suffer from weak music and DVD sales, though book sales have held up well. Trading in Relay stores remains sluggish, with weak sales of tobacco, daily newspapers and magazines offset by stronger sales of higher-margin products (books, confectionery, etc).
- The very strong growth in Eastern Europe and Asia is not flagging, and is making a major contribution to the uptrend in the Distribution business.

- **Lagardere Active**

Lagardere Active first-quarter revenues slipped, by 6.7% on a like-for-like basis and 6.5% on a reported basis.

The main reason was a very tough comparative: 2005 first-quarter sales rose by 19.1% on a like-for-like basis.

The first-quarter performance (including the effect of the tough comparative) was in line with the Group's forecasts:

Radio – Very good quarter, with revenues up 8.5%. In France, Europe 1 is in robust health, making up for weak performances at Europe 2 and RFM. Outside France, the Group's channels continued to enjoy very strong growth.

Television – TV Production returned to more normal activity levels, leading to an expected 32% decline in revenues. This follows a 2005 first quarter when growth hit 62%, thanks largely to the delivery of two films: "*Boudu*" and "*D'Artagnan and The Three Musketeers*". Theme channels posted an 18.0% decline in revenues, mainly due to the effect of the closure of the loss-making Match TV in the third quarter of 2005.

Lagardere Active Broadband – The division reported quarterly like-for-like growth of 3.1%. Continuing strong sales growth in the United States was partially offset by a decline in sales at Hachette Multimedia (CD-Rom) .

## Outlook

**Books:** The market remains buoyant, pointing to a fine outlook for 2006. The tough comparatives created by the "Dan Brown" effect should ease gradually. The latter part of 2006 is set to be lifted by growth in the Education business in Spain (where major reforms are planned) and in France.

**Press:** The advertising market is still looking good, but there is no sign of recovery in circulation. Second-quarter growth is expected to be similar to that recorded in the first quarter.

**Distribution:** The positive trend is set to continue (excluding music and DVD sales).

**Lagardere Active:** The negative effects of the tough comparative in TV Production and of the closure of Match TV are set to persist through the second quarter before easing in the second half of the year.

This outlook confirms our guidance on full-year like-for-like growth in Recurring EBIT before Associates for media activities, which we expect to be in the "3%-7%" range already announced, based on the same parameters:

- a euro/dollar exchange rate of 1.25
- excluding changes in group structure
- excluding the impact of investment in Digital Terrestrial Television licenses (€7m in 2005, €21m in 2006)

## **EADS**

The figure shown on the "EADS" line represents 14.95% of the revenues generated by EADS (compared with 15.10% in 2005).

The share of EADS revenues consolidated by Lagardere SCA in the first quarter of 2006 was €1.36bn, an increase of 28.4% on the first quarter of 2005.

Airbus revenues were driven by deliveries, with 101 aircraft delivered in the first quarter of 2006 compared with 87 in the comparable period of 2005. The Military Transport division reported a surge in revenues, thanks to progress in the development of the A400M. Space divisions were virtually unchanged year-on-year, the first quarter of 2005 having seen significant deliveries of satellites. Eurocopter, boosted by civil helicopter sales, reported a 26% rise in revenues. Growth at the Defense divisions was driven by sales related to the Eurofighter and MBDA.

**Paris, May 9, 2006**

The Lagardère Group is a market leader in the media sector (books, press, audiovisual, and distribution/retailing of cultural products). The group also has interests in the high technology sector via a 14.95% stake in EADS. The group posted revenues of €13,013 m in 2005. The Lagardère group is listed on the Premier Marché of the Paris Bourse.

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