



Lagardère

PRESS RELEASE

LAGARDERE SCA CONSOLIDATED REVENUES FOR 9 MONTHS TO SEPTEMBER 30, 2006 UP 7.3% ON A REPORTED BASIS

LAGARDERE MEDIA REVENUES UP 2.3% ON A REPORTED BASIS AND 1.0% ON A LIKE-FOR-LIKE BASIS (*)

Lagardère Media revenues for the nine months to September 30, 2006 were up 2.3% on a reported basis at €5,931.8m, boosted by the €13 million sales impact of the first-time consolidation of Time Warner Book Group. On a like-for-like basis (*) and over the same period, growth was 1.0%.

Highlights for the third quarter of 2006 on a like-for-like basis are:

- **Books** – A good quarter, thanks to fine performances from the United Kingdom, Distribution, Education and Part-works, and despite strong comparatives in Literature in France.
- **Press** – Revenues fell again, but at a slower rate than in the second quarter. Sales were hit by lower circulation in many segments (especially in magazines for men), weakness in regional daily press, and the discontinuation of some magazines.
- **Distribution Services** – Revenue growth was slightly better than in the second quarter, but was hampered by the poor performance in press distribution in Spain and Belgium and the impact of restrictions on transporting liquids on board aircraft. However, other activities held up well, especially retail in Asia and Eastern Europe.
- **Lagardere Active** – Revenues were down, mainly due to tough comparatives in TV and a slowdown in Radio in France, with advertising by retailers starting to tail off. International Radio is continuing to grow strongly.

Consolidated revenues of LAGARDERE SCA, including EADS (up 15.5%), were up 7.3% in the nine months to September 30, 2006 at €10,016.9m.

	Revenues (€m)		Year-on-year growth (reported)	Year-on-year growth (restated, like-for-like) (*)
	9 months to Sept 30, 2006	9 months to Sept 30, 2005		
. LAGARDERE MEDIA	5,931.8	5,798.1	2.3%	1.0%
- Books	1,452.7	1,231.5	18.0%	2.6%
- Press	1,361.1	1,368.6	(0.5)%	(1.2)%
- Distribution Services	2,699.4	2,767.2	(2.5)%	2.1%
- Lagardere Active	418.6	430.8	(2.8)%	(3.5)%
. EADS	4,085.1	3,538.2	15.5%	N/A
LAGARDERE SCA	10,016.9	9,336.3	7.3%	N/A

(*) excluding changes in group structure and the effect of exchange rates, and including a pro-forma restatement of HDS 2005 sales.
N/A: not available

LAGARDERE MEDIA

Lagardère Media recorded growth of 1% on a constant structure basis (before adjusting for the effects of exchange rates).

- **Hachette Livre**

Since the second quarter, Hachette Livre has included revenues generated by the American publisher Time Warner Book Group, which contributed €213m to the top line.

On a like-for-like basis, revenues to end September 2006 were up 2.6% (18.0% on a reported basis), better than the first-half figure of 2.0%.

Key trends for the third quarter of 2006 were:

- As expected, General Literature in France slowed further in the quarter due to a tough comparative (a lot of bestsellers were published in 2005, in particular books by Michel Houellebecq and Patrick Poivre d'Arvor).
- There was another marked increase in sales of part-works, especially in Japan and Italy.
- General Literature in the United Kingdom (Hodder Headline) continues to put on robust growth, mainly driven by sales of James Patterson and Stephen King.
- Growth in Education in France and in Spain is also looking good.
- Distribution is enjoying double-digit growth thanks to the successful integration of the Larousse business and a dynamic school books season during the summer.

- **Hachette Filipacchi Médias**

Hachette Filipacchi Médias saw revenues continue to ease in the third quarter, though at a slower pace than in the second quarter. Revenues to end September 2006 were down 1.2% on a like-for-like basis, after a fall of 1.1% in the first half.

The main factors behind the decline (on a like-for-like basis) in the third quarter were:

- Weak circulation generally, especially in France, in titles for men, Paris Match and télé 7 Jours. Woman's Day, published in the United States, is also experiencing a decline in circulation this year.
- The impact of the discontinuation of some titles (particularly Elle Girl in the United States, Nova in Spain, Elle Girl and B in the United Kingdom, and various magazines in Japan and France).
- Poor circulation in regional daily press.
- A competitive environment that continues to be tough, especially for circulation in Italy.

These adverse effects were mitigated by some positive developments, though these were patchy:

- Advertising revenues continued to grow in most countries where HFM operates, including France (except for men's titles and télé 7 Jours) and the United States (except for men's titles), in particular for the main women's titles: Elle (especially in the emerging markets of China and Russia), Marie-Claire and Psychologies.
- The new rollouts of Psychologies continued their strong advance.

- **Hachette Distribution Services**

Hachette Distribution Services posted 2.1% like-for-like revenue growth to end September, after 2.3% in the first half. Third-quarter growth was slightly ahead of the second quarter.

On a reported basis, revenues dropped by 2.5% after the impact of the new AMP contract in Belgium (€127m to end September) and the sale of Sarbach (distribution in Germany, negative effect of €24m on sales to end September).

The main trends in the third quarter were:

- Continuing decline in Press distribution in Spain and Belgium, though this business makes a meager contribution to operating margin.
- Impact of the new Spanish law prohibiting the sale of tobacco (another product generating low operating margins) in public places where smoking is banned. Tobacco sales accounted for some 15% of retail sales in Spain.
- Improved performances from Relay and Aelia, reflecting increased airport footfall, but slightly dented at Aelia by restrictions on taking liquids on aircraft.
- Another very strong sales performance in Eastern Europe and Asia.

- **Lagardere Active**

Lagardere Active, which has been suffering from tough comparatives in TV Production and theme channels, has seen revenues decline since the start of the year by 3.5% on a like-for-like basis (2.8% on a reported basis). In the first half, the fall was 3.1% on a like-for-like basis.

Key trends (on a like-for-like basis) in trading for the first nine months were (by division):

Radio – 5.2% growth, after a flat third quarter, compared with 7.5% in the first half. Revenues were down in France, with the first impact on Europe 1's sales of the drop in advertising spend by retailers in September. These falls are within the range (-5% to -10%) of estimates for the drop in radio revenues in France which we announced previously to the market. International revenues are still growing strongly.

Television – TV Production was down by 17.0% to end September after dipping by 17.5% in the first half. The quarterly performance was affected by delayed deliveries ("Père et Maire" series). Theme channels were down again (by 11.7%, after 13.8% in the first half), mainly due to the discontinuation of Match TV in the summer of 2005.

Lagardere Active Broadband – The division saw sales increase by 2.5% (after 1.6% in the first half). Cellfish revenues are still growing very fast, to some extent offset by the impact of the gradual shutdown of Hachette Multimédia.

- **Outlook**

In Books, the end of the year should see current positive trends continue.

In Press, the prospects for circulation are not improving. This trend is likely to depress advertising revenues in the final months of the year. Internet revenues continue to grow at an encouraging pace.

At Lagardere Active, visibility remains poor on Radio in France despite a satisfactory October. The outlook for Radio markets in Eastern Europe remains good. The effect of tough comparatives in Television and delayed deliveries should diminish.

The introduction of a new combined management team for these two divisions is continuing. The market can expect a progress report on the outlook for the two divisions early in 2007.

In Distribution, we expect little change from current trends in the remainder of the year.

To end September, the better than expected performance from Books, Distribution and Active offset the current weakness of the Press division.

In consequence, the Group can confirm its previous guidance on full-year like-for-like growth in recurring EBIT before associates from Media activities, which we expect to be in the "3%-7%" range, based on the same parameters:

- 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 and -€21m in 2006).

EADS

The revenues reported on the "**EADS**" line represent 14.87% of the revenues generated by EADS (vs 15.09% to September 30, 2005).

The share of EADS revenues consolidated by Lagardère SCA to end September 2006 was up 15.5% on the comparable period of 2005 at €4.09bn.

All divisions reported growth. Airbus and Eurocopter achieved significant growth in deliveries of commercial aircraft (320 vs 271 to September 30, 2005) and helicopters (271 vs 210 in the same period of 2005). The Defense division increased its Eurofighter revenues and benefited from its acquisition of Nokia's secure digital radio business, with the extra revenues partly offset by the sale of the LFK missile subsidiary to MBDA. Space division growth was propelled by higher Ariane revenues and the expansion of military telecommunications services. Military Transport was boosted by progress on the A400M military transport program, which passed four milestones in the first nine months of 2006.

Paris, November 9, 2006

*The Lagardère Group is a market leader in the media sector (books, distribution, press and audiovisual). The Group also has interests in the high technology sector via a 14.87% stake in EADS.
The reference market for Lagardère shares is Euronext Paris (Eurolist – compartment A).*

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