



Lagardère

PRESS RELEASE

**LAGARDERE SCA 2006 FIRST-HALF CONSOLIDATED REVENUES:
UP 7.5% ON A REPORTED BASIS**

**LAGARDERE MEDIA REVENUES UP 1.6% ON A REPORTED BASIS
AND 1.0% ON A LIKE-FOR-LIKE BASIS ^(*)**

Lagardère Media revenues for the first half of 2006 rose by 1.6% to €3,792.7m, boosted by an additional €98m from the first-time consolidation of the activities of Time Warner Book Group. The effect on first-half revenues of the rise in the average rate of the euro against the dollar was negligible.

Lagardère Media revenues advanced by 1.0% on a like-for-like basis ^(*) in the first half of 2006.

Key factors in like-for-like trends in the second quarter of 2006 were as follows:

- **Books** – A good quarter, thanks largely to fine performances from the United Kingdom, Distribution, Education and Part-works, and a better performance from Literature in France.
- **Press** – Revenues down due to lower circulation of magazines for men in France, a further weakening of advertising revenues for auto magazines in the United States, and the effect of the discontinuation of some magazines.
- **Distribution Services** – Revenue growth slightly lower than in the first quarter, due mainly to a slowdown in sales of dailies and magazines. Other activities bore up well.
- **Lagardère Active** – Good quarter. The expected fall in TV Production (tough comparatives) was less serious than expected. Radio continues to record strong growth.

LAGARDERE SCA consolidated revenues, including EADS (up 16.8%), rose by 7.5% in the first half of 2006 to €6,615.4m.

	Revenues (€m)		Year-on-year growth (reported)	Year-on-year growth (restated, like-for-like) ^(*)
	H1 2006	H1 2005		
. LAGARDERE MEDIA	3,792.7	3,734.5	1.6%	1.0%
- Books	817.4	719.7	13.6%	2.0%
- Press	911.3	909.5	0.2%	-1.1%
- Distribution Services	1,764.6	1,799.3	-1.9%	2.3%
- Lagardere Active	299.4	306.0	-2.2%	-3.1%
. EADS	2,822.7	2,417.6	16.8%	N/A
LAGARDERE SCA	6,615.4	6,152.1	7.5%	N/A

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

LAGARDERE MEDIA

Lagardère Media recorded growth of 1.4% on a constant structure basis (before adjusting for the effects of exchange rates).

- **Hachette Livre**

In the second quarter, Hachette Livre included revenues generated by the American publisher Time Warner Book Group, which contributed €98m to the top line.

Revenues for the first half of 2006 grew by 2.0% on a like-for-like basis (13.6% on a reported basis), substantially better than the first-quarter performance of -0.4%.

Key trends in the second quarter of 2006 were:

- As expected, General Literature in France saw a slowdown in the first half as the Dan Brown effect dwindled (840,000 copies sold to end June 2006, vs. 1.4 million to end June 2005). However, the slowdown was less marked than expected, due among other factors to a good performance from Fayard, and revenues rose slightly in the second quarter.
- Sales of part-works recorded a further substantial rise, especially in Japan and France.
- General Literature in the United Kingdom (Hodder Headline) posted very strong growth of over 10%, driven by sales of books by James Patterson and Stephen King.
- There was also good growth in Education in France, the United Kingdom and Spain, with strong sales of distance learning titles.
- Distribution also achieved double-digit growth thanks to the successful integration of the Larousse business and a healthy performance from distribution for third-party publishers.

- **Hachette Filipacchi Médias**

Hachette Filipacchi Médias delivered a disappointing second-quarter performance, with revenues down 1.1% on a like-for-like basis after modest growth of 0.8% in the first quarter.

The main factors behind the second-quarter like-for-like decline in revenues were:

- Reduced advertising spend for auto magazines in the United States, which account for some 20% of HFM's US sales.
- Weak circulation in France, especially in titles for men and Paris Match, which was affected by a tough comparative.
- The effect of the discontinuation of various titles (in particular Nova in Spain, Elle Girl and B in the United Kingdom, and a number of magazines in Japan and France), combined with adverse timing effects of publication dates (Woman's Day).
- A persistently tough trading environment, especially in Italy.

However, these adverse effects were mitigated by some positive developments:

- Advertising revenues continued to grow in most countries where HFM operates, including France (except for men's titles) and the United States (except for auto magazines), and were particularly strong for the flagship women's titles Elle, Marie-Claire and Psychologies.
- Newly-launched titles continued their strong advance.
- Emerging markets, especially Russia, are enjoying impressive growth.

- **Hachette Distribution Services**

Hachette Distribution Services advanced by 2.3% on a like-for-like basis over the first half, after a 3.6% like-for-like increase in the first quarter. On a reported basis, revenues were down by 1.9%, after the effect of the new AMP contract in Belgium (€34m over the first half).

Key trends during the second quarter were:

- Weak sales of newspapers and magazines, which make only a low contribution to operating margins, especially in Spain, Belgium and Hungary.
- 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 our retail sales in Spain.
- Improved performances from Relay and Aelia, reflecting increased airport footfall.
- Another very strong sales performance in Eastern Europe and Asia.

- **Lagardere Active**

Lagardere Active, affected by tough comparatives in TV Production and theme channels, has seen revenues fall by 3.1% since the start of the year on a like-for-like basis, or by 2.2% on a reported basis. First-quarter revenues were down 6.7%.

Consequently, the second quarter was on an uptrend that beat our expectations.

Key first-half like-for-like trends by division were:

Radio – Strong growth of 7.5%, in line with the first-quarter performance of 8.5%. Revenues in France advanced slightly, with a good performance from Europe 1 and the first signs of an upturn for RFM in the second quarter on the back of rising audience figures since the start of the year. International activities are still enjoying a very rapid pace of growth.

Television – The decline in TV Production was less serious than expected at 17.5% over the first half after a 32% fall in the first quarter. Sales recorded by Images & Compagnie, Aube Production and GMT buoyed up second-quarter revenues. Theme channels saw a further decline of 13.8%, after the 18% first-quarter fall, due mainly to the closure of Match TV in the summer of 2005.

Lagardere Active Broadband – The division reported sales growth of 1.6%, after a 3.1% rise in the first quarter. Cellfish continues to grow at a rapid pace, though the effect is offset by the gradual shutdown of Hachette Multimédia.

- **Outlook**

Books: The second half should see a continuation of the current positive trends, with education making a higher relative contribution from the third quarter.

Press: The outlook for circulation is not improving, and we have responded by stepping up our efforts to restructure the portfolio. Sales in emerging markets are still growing fast, and the growth of our newly-launched titles is encouraging.

Distribution: The prospects look good, and growth is set to pick up in the second half.

Lagardere Active: Visibility in Radio is still poor, but the tough comparatives in Television will disappear from the third quarter.

The better-than-expected performance from Books, Distribution and Lagardere Active is offsetting the current weakness of the Press division.

Consequently, we are reiterating our 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:

- 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 revenues shown on the "**EADS**" line represent 14.87% of the revenues generated by EADS (versus 15.09% in the first half of 2005).

The share of EADS revenues consolidated by Lagardère SCA in the first half of 2006 was up 16.8% on the first half of 2005 at €2.82bn.

All divisions reported growth. Airbus achieved a record level of deliveries, with 219 aircraft delivered in the first half of 2006, against 189 in the first half of 2005. Growth in Military Transport Aircraft was driven mainly by progress on the A400M program, Eurocopter was boosted by a sharp rise in deliveries, and the Space division benefited from increased production of the Ariane 5 launcher and from advances in the Paradigm satellite service program.

Paris, July 27, 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 14.87% stake in EADS. In 2005, the Group posted revenues of €13,013m. The Lagardère Group is listed on the Premier Marché of the Paris Stock Exchange.

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