

**LAGARDÈRE SCA 2007 FIRST-HALF CONSOLIDATED REVENUES
UP 6.8% ON A REPORTED BASIS
AND 1.2% ON A LIKE-FOR-LIKE BASIS (*)**

Lagardère SCA consolidated revenues for the six months ended June 30, 2007 were €3,955.4m, an increase of 6.8% on a reported basis and 1.2% on a like-for-like basis. 2007 first-half revenues were boosted by the consolidation over 6 months of Time Warner Book Group, which in 2006 was consolidated only from April 1. The additional revenues contributed by Time Warner Book Group in the first quarter of 2007 amounted to €2m.

With effect from January 1, 2007, Lagardère has applied the alternative method of accounting for jointly controlled entities permitted under IFRS. Under this method, such entities are accounted for by the equity method rather than (as previously) the proportionate consolidation method. Consequently, the revenue contribution of these entities (mainly EADS) is no longer consolidated by Lagardère.

This method has been retrospectively applied to the 2006 first-half comparatives presented.

Key trends during the second quarter of 2007 (on a like-for-like basis) were as follows:

- **Lagardère Publishing** (formerly the Books division) – In line with our expectations. Weakness in Literature and at Larousse in France, and significant publication timing differences in the Education segment in Spain, were more than offset by the performances of Publishing in the United States, Education in France, and Hodder Headline in the United Kingdom.
- **Lagardère Active** (formerly the Press division and Lagardère Active) – Magazines (80% of the division's sales) posted slight growth in a still-challenging market. Europe 1 saw a drop in sales, hit as expected by the reduction in some retailers' advertising budgets. International radio activities continued to enjoy strong growth. Production revenues fell further, once again as a result of delays in deliveries.
- **Lagardère Services** (formerly the Distribution Services division) – Improved growth rate for the quarter, driven by retail sales in France, Eastern Europe and Asia. Wholesale activities (especially in Spain and Belgium) continued to decline, though at a slower rate than in the first quarter in the case of Spain.
- **Lagardère Sports** (Sportfive and Newsweb) – Continuation of the very good start to the year for Sportfive.

(*) Excluding changes in Group structure and the effect of exchange rates.

	Revenues (€m)		Year-on-year growth (reported)	Year-on-year growth (restated, like-for-like)
	H1 2007	H1 2006		
LAGARDERE	3,955.4	3,704.8	6.8%	1.2%
- Lagardère Publishing	896.6	810.7	10.6%	1.7%
- Lagardère Active	1,094.4	1,160.3	(5.7%)	(0.2)%
o Press	868.2	863.8	0.5%	1.1%
o Broadcast & Broadband	226.2	296.5	(23.7%)	(4.5)%
- Lagardère Services	1,754.3	1,733.8	1.2%	1.7%
- Lagardère Sports	210.1	-		-

I – Revenues

Lagardère Publishing

Revenues rose by 10.6% to €896.6m, boosted by the inclusion of sales from Time Warner Book Group (impact: €82m), which in 2006 was consolidated from April 1. On a like-for-like basis, revenues for the six months to June 30, 2007 rose by 1.7%.

In France, Education recorded further strong growth, driven by primary and distance learning sales at Hatier. Distribution was boosted by the new contracts with Dunod, Dalloz and Armand Colin. Literature recorded a marked drop in sales, reflecting a quarter with few new titles. Larousse, where the shake-up in editorial lines is ongoing, also saw sales fall sharply pending the launch of new collections scheduled for the latter part of the year.

In Spain, Anaya slipped back after a very good start to the year, under the temporary effect of significant publication timing differences relating to back-to-school dates.

In the United Kingdom, Hodder Headline continued to make good progress, though at a slightly slower pace than in the first quarter.

In the United States, Grand Central and Little Brown (formerly Time Warner Book Group) enjoyed very strong growth thanks to significant volumes of new titles.

Lagardère Active

On a like-for-like basis, revenues fell slightly by 0.2%. On a reported basis, revenues were down 5.7% at €1,094.4m, mainly due to the change to equity accounting for Cellfish and adverse currency effects.

Press

Revenues for the Magazines segment rose by 0.5% on a reported basis to €868.2m. On a like-for-like basis, revenues were 1.1% higher than for the first half of 2006.

The differential between reported and like-for-like growth was due to the 7.5% fall in the value of the U.S. dollar against the euro.

The trends observed during the early part of the year continued over the rest of the period:

- The general trend in advertising outside emerging markets is gloomy, especially in France.
- Circulation remains weak, especially in lads mags and TV weeklies. However, it remains strong in our core businesses (*Elle* in all countries, *Public*, *Isa*, *Paris Match*, etc.), especially in France.
- HFM circulation figures continue to be affected by closures of under-performing titles in 2006 and early 2007, including *Zurban*, *Maximal*, *Match du Monde* and *L'Echo des Savanes* in France; *Elle Girl*, *For Me*, *Shock* and *Premiere* in the United States; and *Xtreme Tuning & Racing*, *Asi son las cosas* and *Maxim* in Spain. Overall, these closures had an impact of €18.3m on first-half sales.
- Operations in China and Russia again recorded very strong growth, especially on the advertising front.

On April 19, 2007, Lagardère announced the signature of an agreement with a view to the acquisition of the American company Jumpstart, an online advertising network serving the US automotive sector. Jumpstart generated 2006 revenues of \$17.1m¹ (95.5% up on the 2005 figure) and broke even at EBIT (earnings before interest and taxes) level. The company had a positive net cash position at end 2006, and has been included in the consolidation with effect from June 1, 2007.

Broadcast & Broadband

Revenues generated by the Broadcast & Broadband business fell by 23.7% on a reported basis over the first half to €226.2m. This fall was due partly to disposals (the DMLS TV production company and La Chaîne Météo, which were still consolidated in the first half of 2006), but mainly to the change from full consolidation to the equity method in accounting for Cellfish (€50m of revenues in the first half of 2006) due to financial investors acquiring an interest in the company.

On a like-for-like basis, Broadcast & Broadband revenues fell by 4.5%.

First-half performances were in line with our expectations:

Radio

After a good first quarter in France (up 2.2%), retailers began to switch their advertising budgets from radio to the established TV channels. This led to a 3.1% drop in revenues over the first half, with Europe 1 bearing the brunt. International radio activities enjoyed further very strong growth (18.8% to end June), once again driven mainly by Russia.

Television

TV Production was affected by delays in deliveries during the first half, with the effect accelerating in the second quarter; first-half sales were down 28.8%, after a 16.7% drop in the first quarter.

Theme channels suffered a more marked effect from the cut in subscriber-based royalties paid by the new platform created by the CanalSat/TPS merger. This effect was partly offset by advertising gains due to the broader audience base, but not by enough to prevent a slight fall in second-quarter sales. Overall, however, sales rose by 2.0% in the first half, thanks to the marked 8.9% rise posted in the first quarter.

¹ Unaudited figure, not adjusted to comply with IFRS as applied by the Lagardère group

Lagardère Services

Lagardère Services had a better second quarter, with first-half sales rising by 1.7% on a like-for-like basis (1.2% on a reported basis) to €1,754.3m after a sluggish first quarter (0.7% like-for-like growth).

We are actively pursuing our strategy of transition towards retail activities and Eastern Europe/Asia, where growth and margins are higher than in wholesale.

- Aelia continues to benefit from the uptrend in air traffic. Virgin and Relay, after a poor start to the quarter, reported a slight acceleration in growth thanks to an excellent June.
- Growth remains robust in retail, especially in Eastern Europe and Germany. Asia also continues to record very strong growth.
- As in the first quarter, wholesale activities in Spain and Belgium showed a drop in revenues. Print media and phone card sales were down, and the magazine segment was affected by numerous closures of titles. On top of this, sales of part works in Spain (across all publishers) are poor.

Lagardère Sports

Lagardère Sports contributed to Lagardère SCA consolidated revenues for the first time, adding €210.1m to the top line in the first half.

Sportfive, the main contributor, enjoyed a very good second quarter.

The marketing business was boosted by bonuses from sponsors linked to good performances by some clubs in the French soccer championship.

In TV rights, revenues again beat expectations despite a less busy schedule in the second quarter.

The company also announced the signature of an agreement with a view to the acquisition of IEC, a Swedish sports rights management company specializing in tennis, soccer, volleyball and athletics.

In the financial year ended August 31, 2006, IEC generated sales of approximately €17m, 40% up on the previous financial year, and EBIT of €4.1m (up 40.3%), giving an operating margin of more than 24%.

The company is expected to have a positive net cash position as of the closing date of the transaction.

Under the terms of the agreement, an initial cash payment of €43m will be made, plus deferred payments over the next three years up to a maximum of €37m contingent upon the attainment of income statement and cash flow statement performance targets.

II – Key factors affecting the composition of Lagardère SCA consolidated net income for the six months ended June 30, 2007

□ **Earnings before interest and taxes (EBIT)**

Components of EBIT:

- Recurring EBIT before associates is set to rise due to the combined effect of revenue growth, as described above (both in absolute terms and in terms of product mix) and of measures taken by all our businesses to reduce operating costs. We expect growth to be in line with the full-year guidance given to the market (in the “3% to 7%” range excluding Lagardère Sports, and based on a euro/dollar exchange rate of 1.30). In addition, recurring EBIT before associates for “Other Activities” will be lifted by the positive outcome of past litigation relating to the former Matra freight business.

- Income from associates will be lifted by the first-time consolidation of the share of net income from Canal+ France (20%) and EADS (14.98%: percentage calculated prior to the sale of a 2.5% interest at end June 2007). Conversely, the contribution from CanalSat will no longer be included.
- Non-recurring items are expected to consist mainly of the gain arising on the sale of a 2.5% interest in EADS, the initial restructuring costs incurred in connection with the Lagardère Active recovery plan, and impairment losses taken against certain intangible assets.

□ **Net interest expense and taxes**

- Net interest expense is expected to increase, reflecting the rise in debt needed to fund recent acquisitions and share buy-backs.
- No material change in income taxes is expected relative to the first half of 2006.

□ **Net debt**

A number of significant factors are likely to affect consolidated net debt:

- Spending on acquisitions made during the first half (Sportfive €861m, Jumpstart €63m)
- The cost of share buy-backs (€194m) and the dividend payout (€163m)
- The redemption of one-third of the bonds mandatorily exchangeable for EADS shares

□ **Other significant factors**

On April 25, 2007, the Group canceled 8.5 million Lagardère SCA shares, representing 6% of the company's share capital.

III – Outlook

The 2007 second-half prospects for Lagardère Publishing are good, especially for Education in France and Spain (where the effect of publication timing differences is set to be recouped in the third quarter) and for Literature in the United States. However, sales growth will as expected be dented by weak sales in Literature in France (a low-margin business) and at Larousse (elimination of loss-making editorial lines).

For Lagardère Active, visibility is still very poor in radio, making it impossible to forecast very far ahead. Production is set to recover some of the delivery slippage seen in the first half, but without making up all the lost ground. However, the impact on recurring EBIT before associates is likely to be minimal. In the Press business, we do not expect any change in the market trends seen during the first half. We are continuing our strategy of repositioning the business on a limited number of segments and countries, while expanding our digital interests via organic growth and acquisitions. Progress to date is in line with our forecasts.

On July 19, 2007, the Group announced that it had entered exclusive talks with the Hersant group with a view to the sale of its regional daily press interests.

For Lagardère Services, good growth in retail should sustain growth rates over the remainder of the year.

Lagardère Sports is set for a good year, in line with our expectations.

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% to 7%” range as previously announced, and based on the same parameters:

- euro/dollar exchange rate of 1.30;
- excluding the first-time consolidation of Lagardère Sports.

Paris, July 26, 2007

*The Lagardère Group is a market leader in the media sector (books, press, audiovisual, distribution of cultural and entertainment products, and sports rights). The Group also has interests in the high technology sector via a 12.48% stake in EADS.
Lagardère shares are listed in Paris on Eurolist by Euronext – Compartment A.*

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