

**LAGARDÈRE SCA 2007 9-MONTH CONSOLIDATED REVENUES
UP 7.1% ON A REPORTED BASIS
AND 2.5% ON A LIKE-FOR-LIKE BASIS (*)**

Paris – November 7, 2007

Lagardère SCA consolidated revenues for the nine months ended September 30, 2007 amounted to €6,213.9m, an increase of 7.1% on a reported basis and 2.5% on a like-for-like basis.

Revenues for the first 9 months of 2007 were boosted by the consolidation over the entire nine-month period of Time Warner Book Group, which in 2006 was consolidated only from April 1. The additional revenue effect during the first quarter of 2007 was €81m. Conversely, the activities of Cellfish (€74m over the first nine months of 2006) are now accounted for by the equity method.

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 nine-month comparatives presented.

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

- **Lagardère Publishing** (formerly the Books division) – Very good quarter in virtually all the countries in which we operate. As expected, Education sales in Spain increased very sharply. In France, there was very strong growth in Education, Illustrated and Distribution. Other fine performances came from our North American subsidiary and from part-works in Japan and the United Kingdom.
- **Lagardère Active** (formerly the Press and Audiovisual divisions) – Magazines (80% of the division's sales) had a good quarter, despite the impact of discontinued titles. Broadcast activities also enjoyed a fine quarter, helped by a partial catch-up in TV Production and a very strong performance from International Radio activities. As expected, Radio activities in France – especially Europe 1 – were hit by retailers switching part of their advertising budgets away from radio.
- **Lagardère Services** (formerly the Distribution Services division) – Very good quarter across virtually all activities. The established growth segments – travel retail in Europe and Asia, and retailing in Central Europe – maintained or accelerated growth. Virgin also performed well, as did the Relay outlets. Wholesale activities, especially in Belgium and Poland, are still on a downtrend. However, there was a sharp upturn in Spain.
- **Lagardère Sports** – Continuation of the positive trend seen since the start of the year for Sportfive, in line with acquisition forecasts.

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

	Revenues (€m)					
	2007: 3 months	2007: 6 months	2007: 9 months	2006: 9 months	Year-on-year change (reported)	Year-on-year change (like-for-like)
LAGARDERE	1,908.2	3,955.4	6,213.9	5,799.8	7.1%	2.5%
- Lagardère Publishing	411.2	896.6	1,544.8	1,442.9	7.1%	3.0%
- Lagardère Active	519.9	1,094.4	1,647.0	1,704.7	(3.4%)	1.6%
o Press	414.0	868.2	1,315.0	1,290.8	1.9%	1.8%
o Broadcast & Broadband	105.9	226.2	332.0	413.9	(19.8%)	0.8%
- Lagardère Services	863.7	1,754.3	2,713.2	2,652.2	2.3%	2.7%
- Lagardère Sports	113.4	210.1	308.9	-	-	-

I – Revenues

Lagardère Publishing

Revenues totaled €1,544.8m (up 7.1% on a reported basis), boosted by the inclusion of an extra quarter of sales from the Time Warner Book Group (impact: €81m), which in 2006 was consolidated from April 1. On a like-for-like basis, revenues for the first nine months of 2007 rose by 3.0%, compared with a 1.7% increase in the first six months of the year.

In Spain, there was a marked increase in sales in the Education segment, especially in secondary textbooks as a result of curriculum reforms.

Education sales also rose sharply in France, in both primary and secondary and also in distance learning. Illustrated books (including Hachette practical guides, children's fiction and tourist guides) also performed well, as did Distribution.

In the United States, revenues continued to set a lively pace, driven by best-sellers (including Baldacci, Hitchens and Meyer) and by a solid performance from the back catalogue.

Finally, part-works reported another strong quarter, with sales in Japan and the United Kingdom more than compensating for weak trading in France.

During the summer of 2007, the Lagardère Group announced a number of new acquisitions, which will be consolidated from October 1, 2007:

- Mexico: Grupo Patria Cultural (2006 revenue: \$18.7m), one of the oldest-established educational publishers in the country. The acquisition makes Lagardère Publishing the third largest publisher in Mexico after Santillana and McGraw Hill.
- United Kingdom: Piatkus Books (2006 sales: €12.7m), a publisher of popular fiction and lifestyle books.
- Brazil: a majority stake in Escala Educacional (2006 sales: €10m), a specialist publisher of school textbooks.

Lagardère Active

A good third quarter ended with revenues up 1.6% on a like-for-like basis. On a reported basis, revenues fell again (by 3.4%, to €1,647.0m), mainly as a result of the change to equity accounting for Cellfish and adverse currency effects (7.5% drop in the average dollar/euro exchange rate over the first nine months of the year). Overall, currency effects had a negative impact of €33m on the division.

Press

Nine-month revenues for the Magazines segment rose by 1.9% on a reported basis, to €1,315.0m. On a like-for-like basis, revenues were also higher, advancing by 1.8% relative to the comparable period of 2006 (against 1.1% in the first six months of the year).

Overall, the third quarter saw a slight increase in circulation figures, which more than outweighed a tough advertising market in France. Other key trends during the quarter were:

- Very strong sales growth in Russia and China.
- Fine sales performance in the United Kingdom, mainly due to women's magazines.
- Sales growth on a modest scale (France, Spain) or flat (United States, Italy) before the impact of discontinued magazines, thanks largely to increased sales of *Public*, *Paris Match* and *Elle*.
- Further decline in the lads mags segment, and for *Télé 7 Jours* advertising revenues (though at a slower pace than in the first half).

On August 29, 2007, the Lagardère Group announced the acquisition of the Nextedia interactive media agency, France's leading independent provider of search engine optimization and affiliation services. In 2006, Nextedia generated gross profit of €9.7m and EBIT of €1.7m. The company had a positive net cash position at end 2006 and is expected to double in size in 2007.

On August 13, 2007, the Lagardère Group announced the forthcoming sale of its Regional Press arm to the Hersant group, subject to approval from the antitrust authorities.

Broadcast & Broadband

Revenues from the Broadcast & Broadband business for the first nine months of 2007 were €332m, down 19.8% on a reported basis. This fall was due partly to disposals (the DMLS TV production company and La Chaîne Météo, which were still consolidated in 2006), but mainly to the change from full consolidation to the equity method in accounting for Cellfish (€74m of revenues in the first nine months of 2006), due to financial investors acquiring an interest in the company.

On a like-for-like basis, Broadcast & Broadband was little changed year-on-year, reporting 0.8% growth thanks to an excellent third quarter.

Radio

France saw a 4.2% drop in revenues in the first nine months of 2007, compared with a 3.1% fall in the first half, due to the ongoing switch of retailers' advertising budgets from radio to the established TV channels, at a pace consistent with our forecasts. Europe 1 was particularly affected, but the recovery at Europe 2 continued. The strong growth in international radio accelerated, with revenues up 22.7% (versus 18.8% for the first half), once again driven mainly by Russia.

Television

TV Production, which in the first half was affected by delays in deliveries (leading to a 28.8% fall in first-half revenues), made up some lost ground after a very good third quarter: by end September 2007, the decline in revenues had been reduced to 9.2%.

Theme channels continue to suffer from the cut in subscriber-based royalties paid by the new platform created by the CanalSat/TPS merger, though the effect was offset by good growth in digital terrestrial TV revenues. Overall, nine-month revenues rose by 1.9%, against a 2.0% increase in the first half of 2006.

Lagardère Services

The division enjoyed a very good third quarter, with 9-month revenues up 2.7% on a like-for-like basis (or 2.3% on a reported basis) at €2,713.2m, compared with first-half like-for-like growth of 1.7%.

We are actively pursuing our strategy of transition towards retail activities in Eastern Europe and Asia (where growth rates and margins are higher than in wholesale), helped by favorable economic conditions.

- Aelia had an excellent third quarter, buoyed by the uptrend in air traffic and the opening of new sales outlets, especially at Paris Charles de Gaulle airport.
- In retailing, growth remains very strong in Switzerland and Spain, and even more so in Eastern Europe (Poland, Hungary and Romania).
- Growth also remains very robust in Asia.
- As in the first half, wholesale activities were in decline, especially in Poland and Belgium, but Spain reported revenue growth for the third quarter thanks largely to sales of school textbooks and market share gains.
- Virgin and Relay, after a sluggish start to the year, have experienced an acceleration in growth since June.

Lagardère Sports

Lagardère Sports has been contributing to Lagardère SCA revenues since January 1, 2007, adding €308.9m to the top line in the first nine months of the year.

The division's main contributor, Sportfive, had a reasonable third quarter, the main features being further qualifying matches for the Euro 2008 football tournament and the start of the 2007-08 football season in France and Germany.

The acquisition of IEC, a Swedish sports rights management company specializing in tennis, football, volleyball and athletics (announced in our interim financial report, published in July 2007) was completed on August 31, 2007.

II – Key factors affecting the financial position and results of Lagardère SCA

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. With the rate of revenue growth having accelerated following a very favorable summer, we have raised our full-year guidance from the “3% to 7%” range originally indicated to the market to the “5% to 8%” range (excluding Lagardère Sports, and based on a euro/dollar exchange rate of 1.30). In addition, recurring EBIT before associates for “Other Activities” is lifted by the positive outcome of past litigation relating to the former Matra transport business.

- Income from associates is lifted by first-time consolidation of the 20% share of net income from Canal+ France. Conversely, the contribution from CanalSat is no longer included.
- Similarly, the contribution from EADS is included in income from associates, based on an interest of 14.98% to end June 2007 and of 12.44% for the remainder of the year.
- Non-recurring items are expected to consist mainly of the €472m 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 plus the effect of the mandatory exchangeable bonds.

□ **Net debt**

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

- Spending of approximately €1bn on acquisitions completed and paid for during the year, in particular Sportfive, Jumpstart, IEC and Nextedia.
- The proceeds of some €155m from the sale of the Regional Press arm (subject to approval being obtained from the antitrust authorities by the end of the year).
- The cost of share buy-backs (€194m in the first half and €55m in the third quarter, representing a total of €249m for the nine months to end September).
- The €163m dividend payout.
- The redemption of one-third of the bonds mandatorily exchangeable for EADS shares (€664m).

□ **Other significant factors**

On April 25, 2007, the Group canceled 8.5 million Lagardère SCA shares, representing 6% of the company's share capital. The share capital now consists of 134.1 million shares. At end September 2007, the Group held a total of 2.14 million treasury shares.

III – Outlook

Lagardère Publishing: The 2007 fourth-quarter outlook is good especially for our US activities. The growth rate, though satisfactory, is unlikely to match the level reached in the third quarter.

Lagardère Active: Visibility is still very poor in Radio, making it impossible to forecast very far ahead. That said, the decline seen in advertising revenues for French radio activities (especially Europe 1) is set to continue at a similar pace to the third quarter, while growth in Eastern Europe should remain strong. TV Production should continue to catch up the backlog of deliveries that built up in the first half, though without making up all the lost ground.

For the Press business, we do not expect any change in underlying trends in what remains a challenging market, especially for advertising in France. The strong growth recorded in the summer of 2007, which included an exceptionally good July and August, is set to ease in the final quarter. 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.

Lagardère Services: Healthy growth in some businesses (including Aelia, Spain, and Poland) is expected to sustain growth rates over the rest of the year, though at a slower pace than in the third quarter.

Lagardère Sports: Set for a good year, beating our initial expectations.

This outlook confirms our guidance on full-year like-for-like growth in recurring EBIT before associates for Media activities, which we now expect to be in the “5% to 8%” range, based on the same parameters as for our previous guidance:

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

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 12.44% stake in EADS.

Lagardère shares are listed in Paris on Eurolist by Euronext – Compartment A.

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