



# 2004 Full-Year Results

Analyst Meeting  
March 10, 2005

**LAGARDERE**



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# Consolidated financial statements

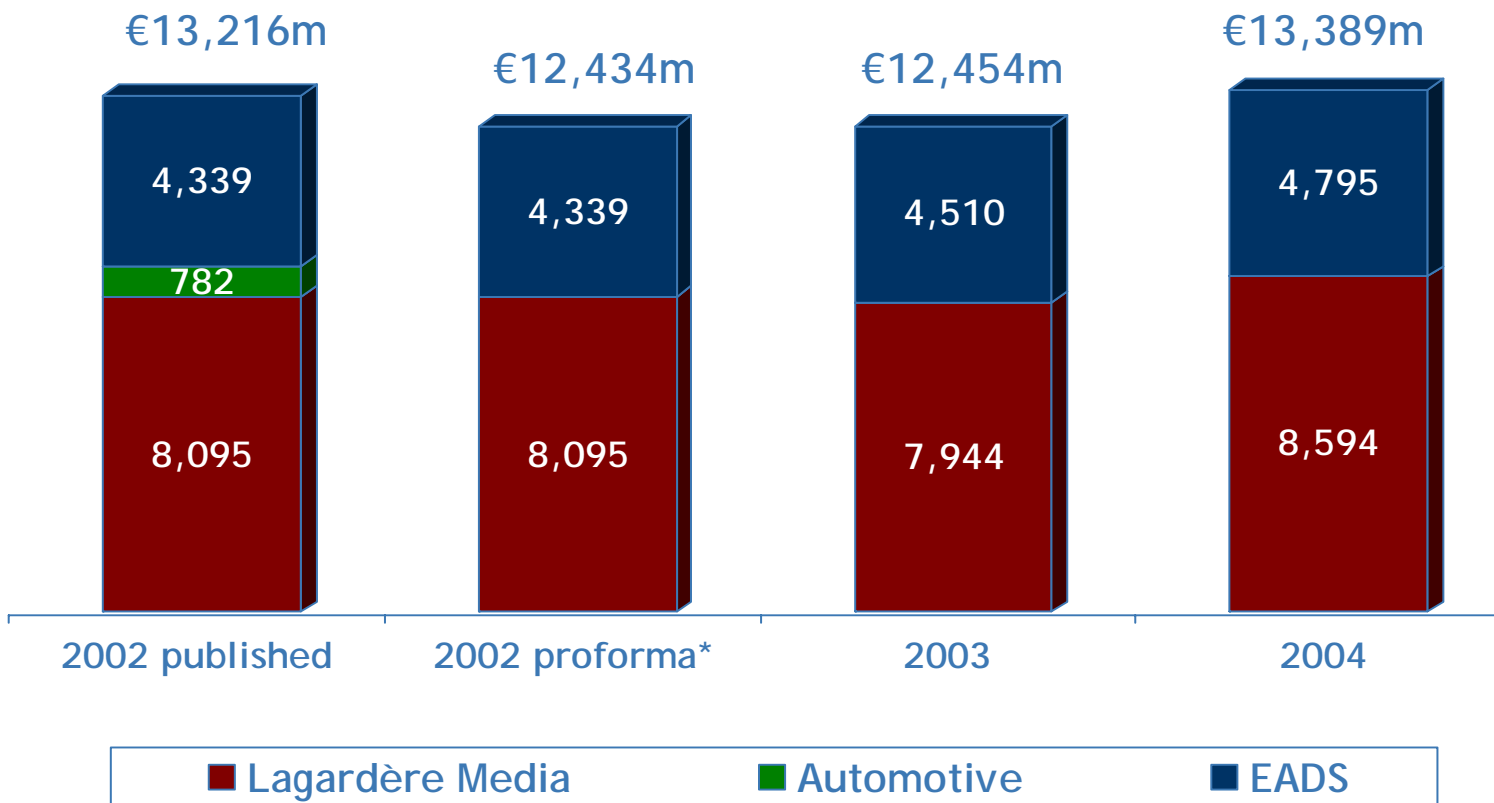


# Main changes in scope of consolidation

<b>Books</b>	<p>Full consolidation from January 1, 2004 of the retained activities of the <i>Editis</i> group (<i>Dalloz</i>, <i>Dunod</i>, <i>Armand Colin</i> in France, <i>Anaya</i> in Spain, <i>Larousse</i> Group in France and internationally).</p> <p>Acquisition of the <i>Hodder Headline</i> group, fully consolidated from October 1, 2004.</p>
<b>Press</b>	<p>Acquisition of Russian press group <i>IMG</i>, fully consolidated from January 1, 2004 (<i>percentage interest: 85%</i>).</p> <p>Acquisition of <i>Psychologies Magazine</i>, proportionately consolidated (49%) from July 1, 2004</p>
<b>Distribution Services</b>	<p>Full consolidation of <i>Newslink</i> from January 1, 2004 (40% proportionately consolidated in 2003).</p>
<b>Lagardere Active</b>	<p>Full consolidation of Russian radio broadcaster <i>Europa plus Zao</i>, now 100% owned (60% proportionately consolidated in 2003).</p>



# Net sales by division

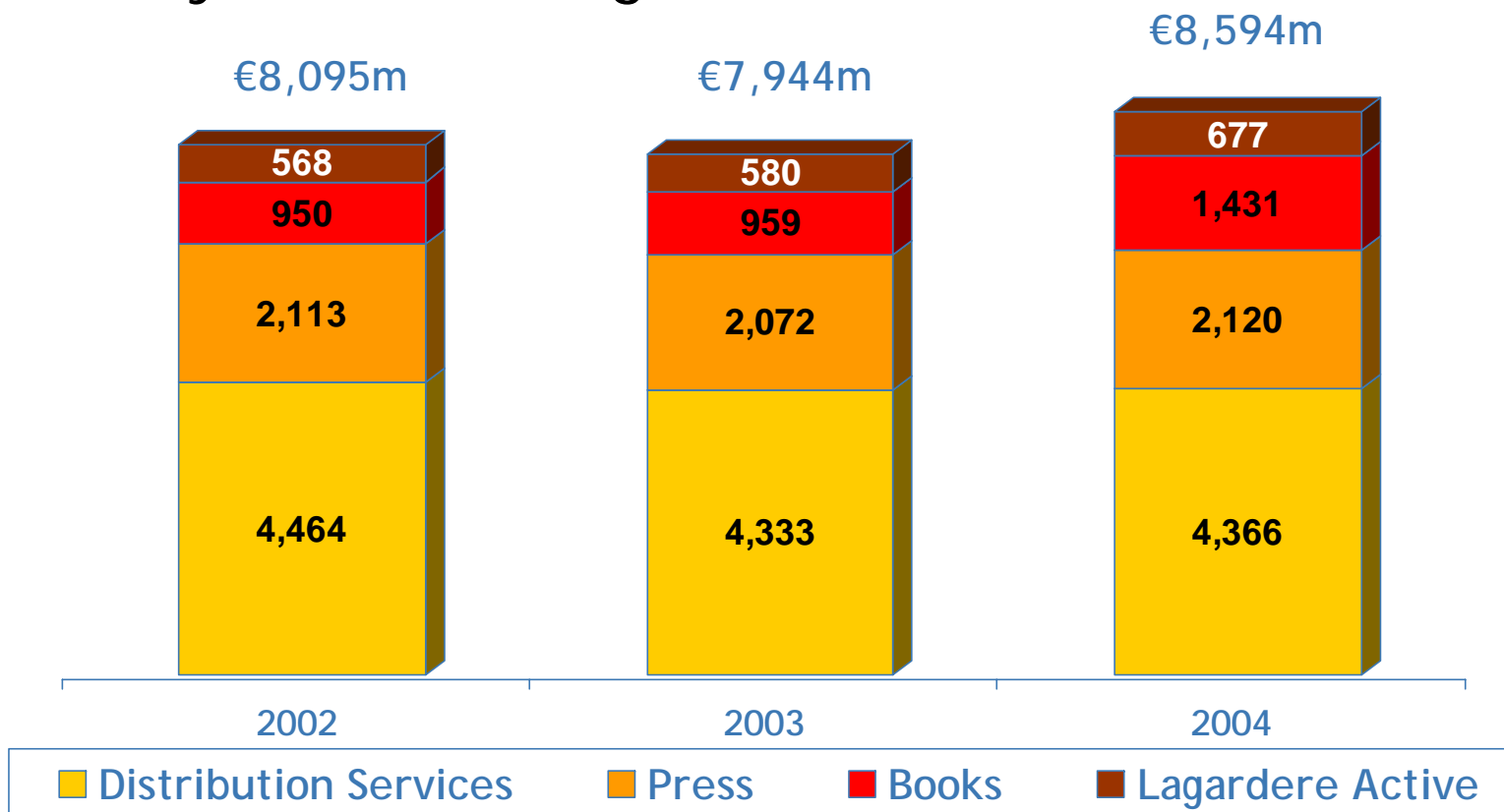


**7.5% growth on consolidated basis**  
**8.2% growth for *Lagardère Media***



# Lagardère Media

## Net sales by business segment

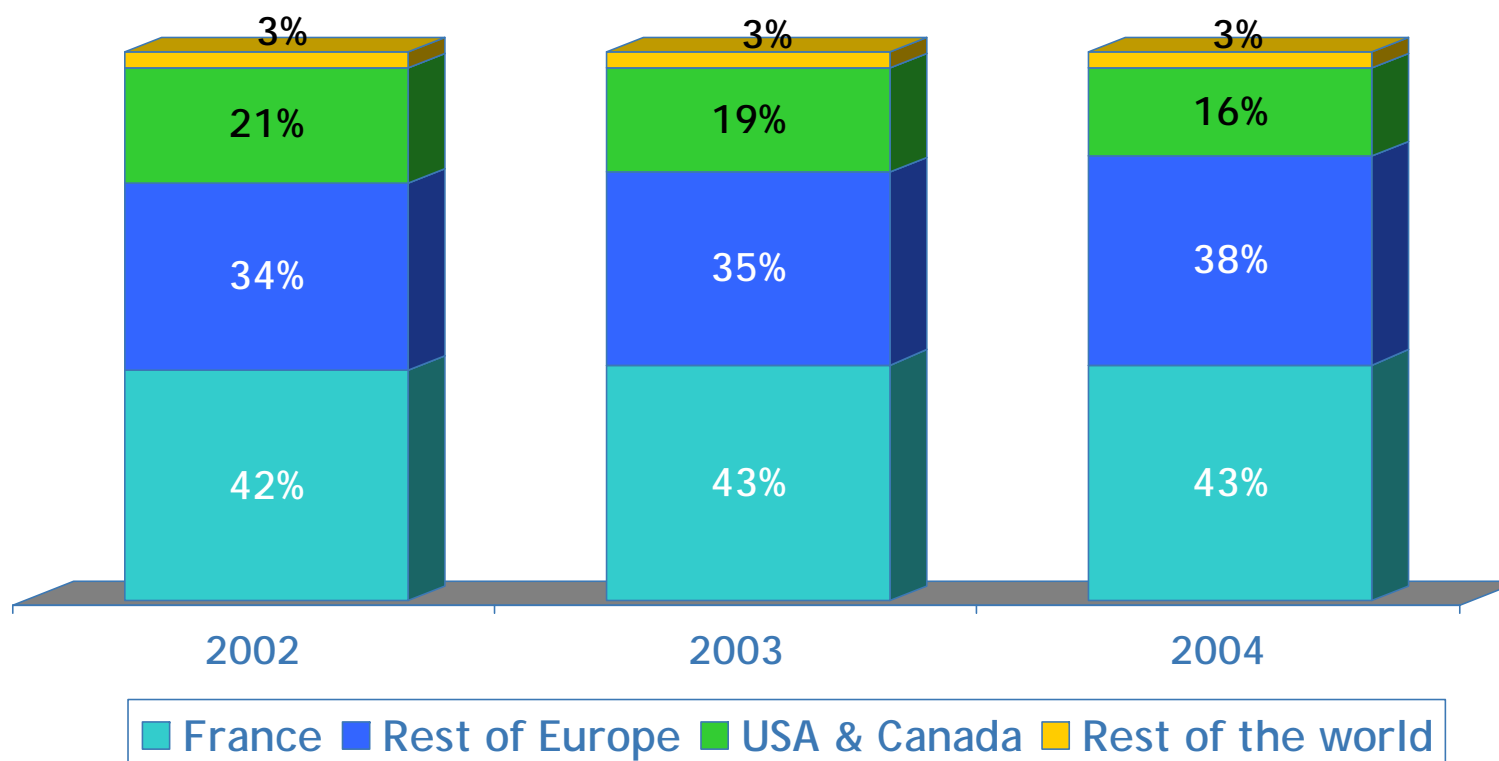


- Contribution from retained activities of *Editis*: €342m and from *Hodder  
Headline* (3 months in 2004): €61m  
 - Like-for-like growth: 3.3%



# Lagardère Media

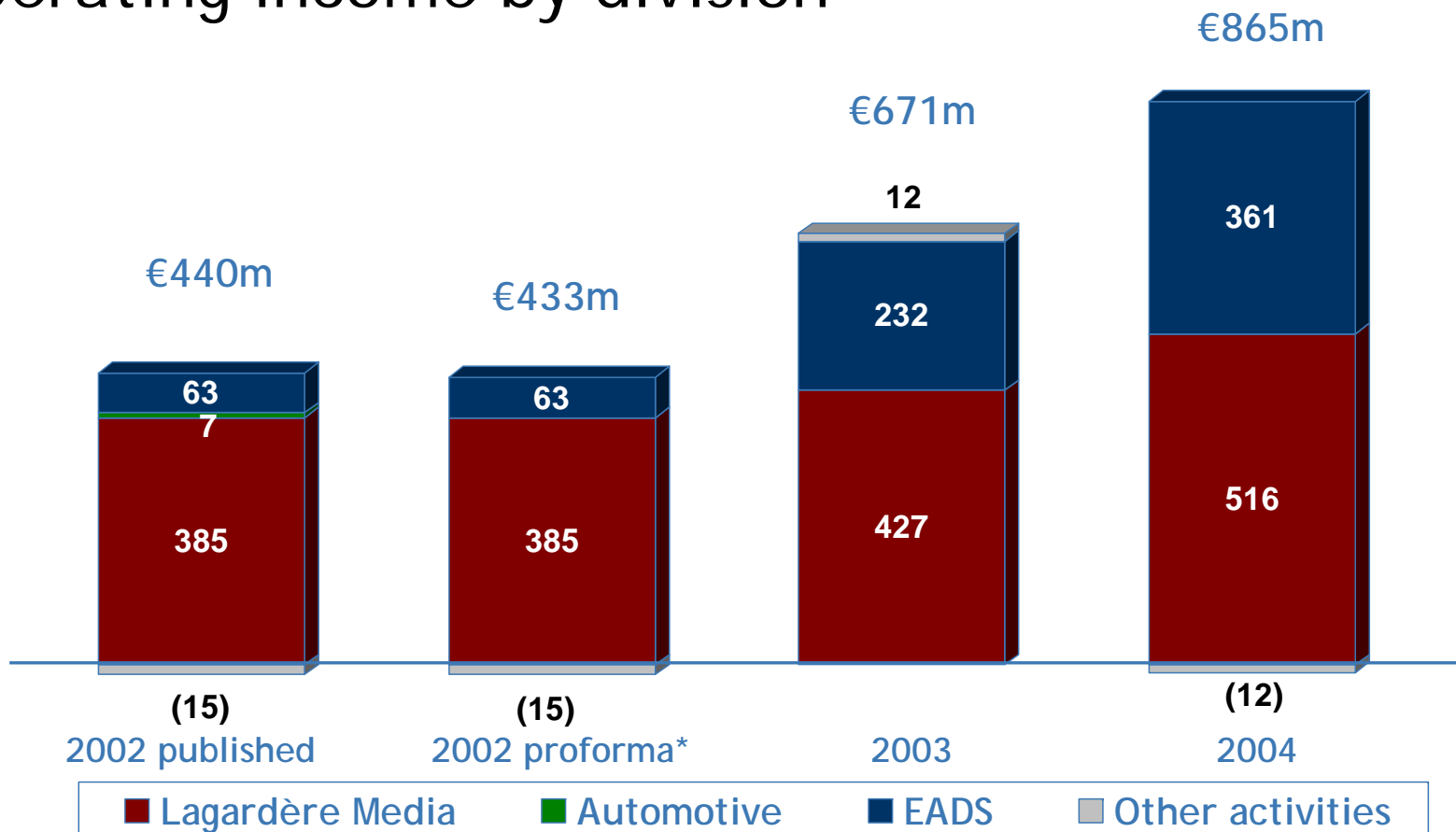
## Net sales by geographical area



- Acquisitions in *Books, Press & Radio* in Europe (Spain, UK, Russia, etc)
- Appreciation of the euro



# Operating income by division



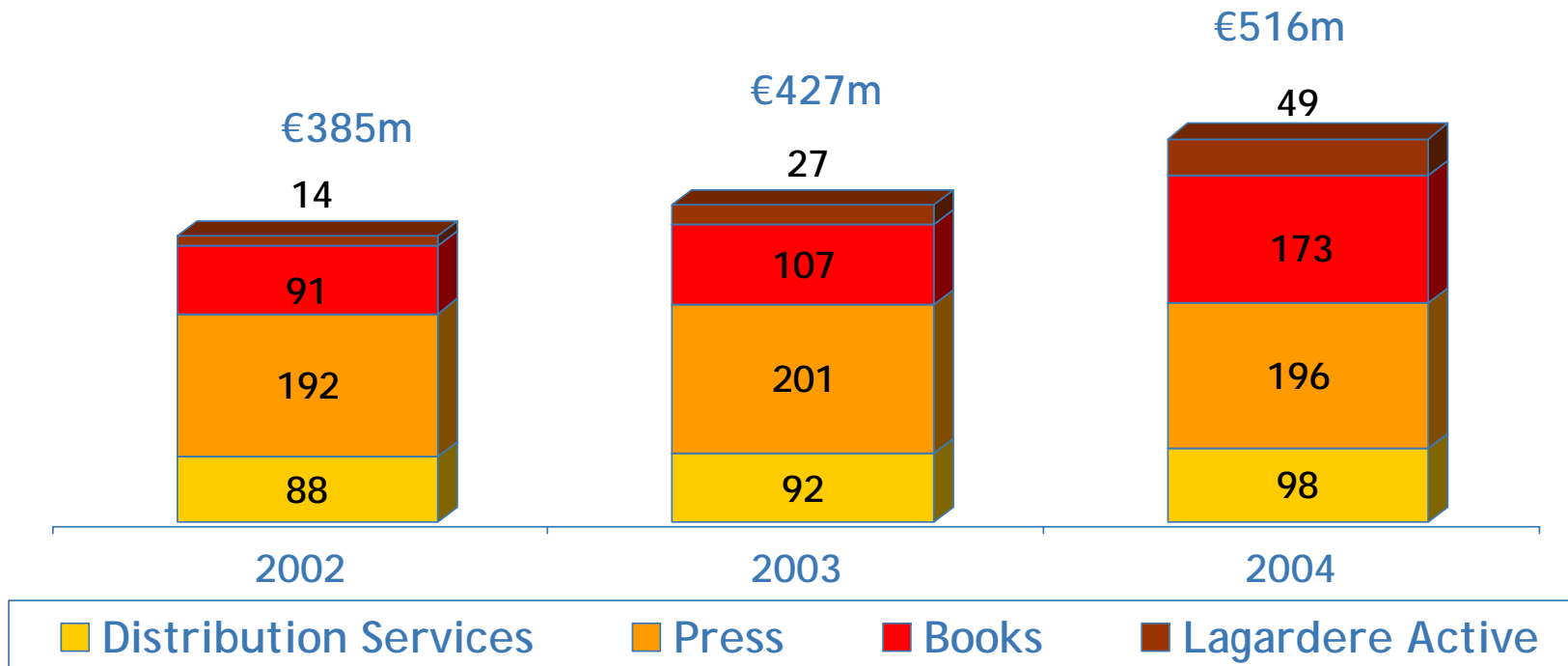
- ➡ - Growth in consolidated operating income: 29%
- Growth for *Lagardère Media*: 20.9%





# Lagardère Media

## Operating income by business segment



- Operating income growth for *Lagardère Media*: 10.3% (excl. *Editis/Hodder Headline*)

- Strong growth for:

- *Books*: 61.9% based on current structure, 19.7% excluding *Editis/Hodder Headline*

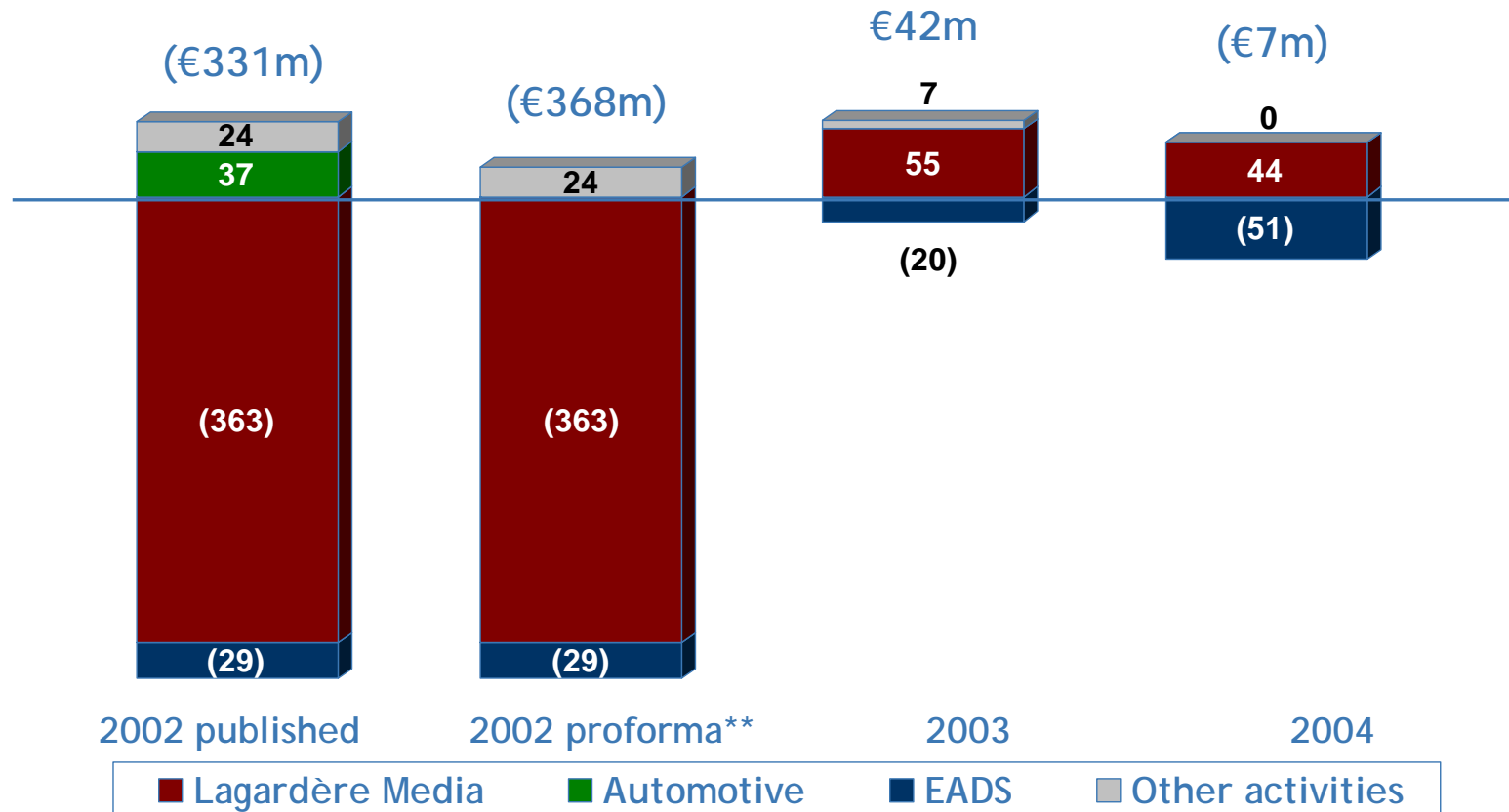
- *Lagardere Active*: 80%

- *Press* segment impacted by launches





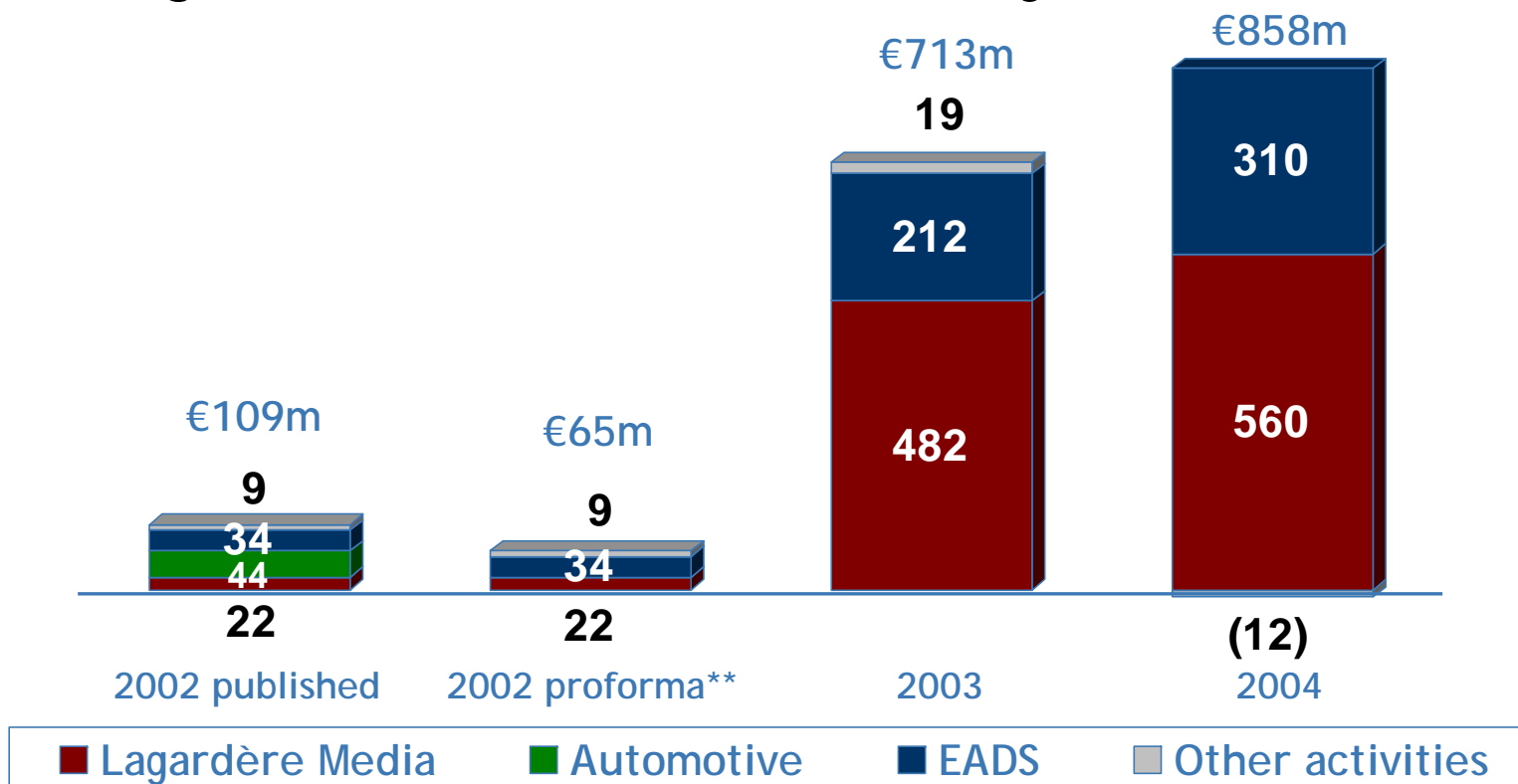
# Financial income/(expense)\* by division



➔ - Reversal of provision for *T-Online* shares: impact +€104m (vs reversal of €121m in 2003 and charge of €278m in 2002)



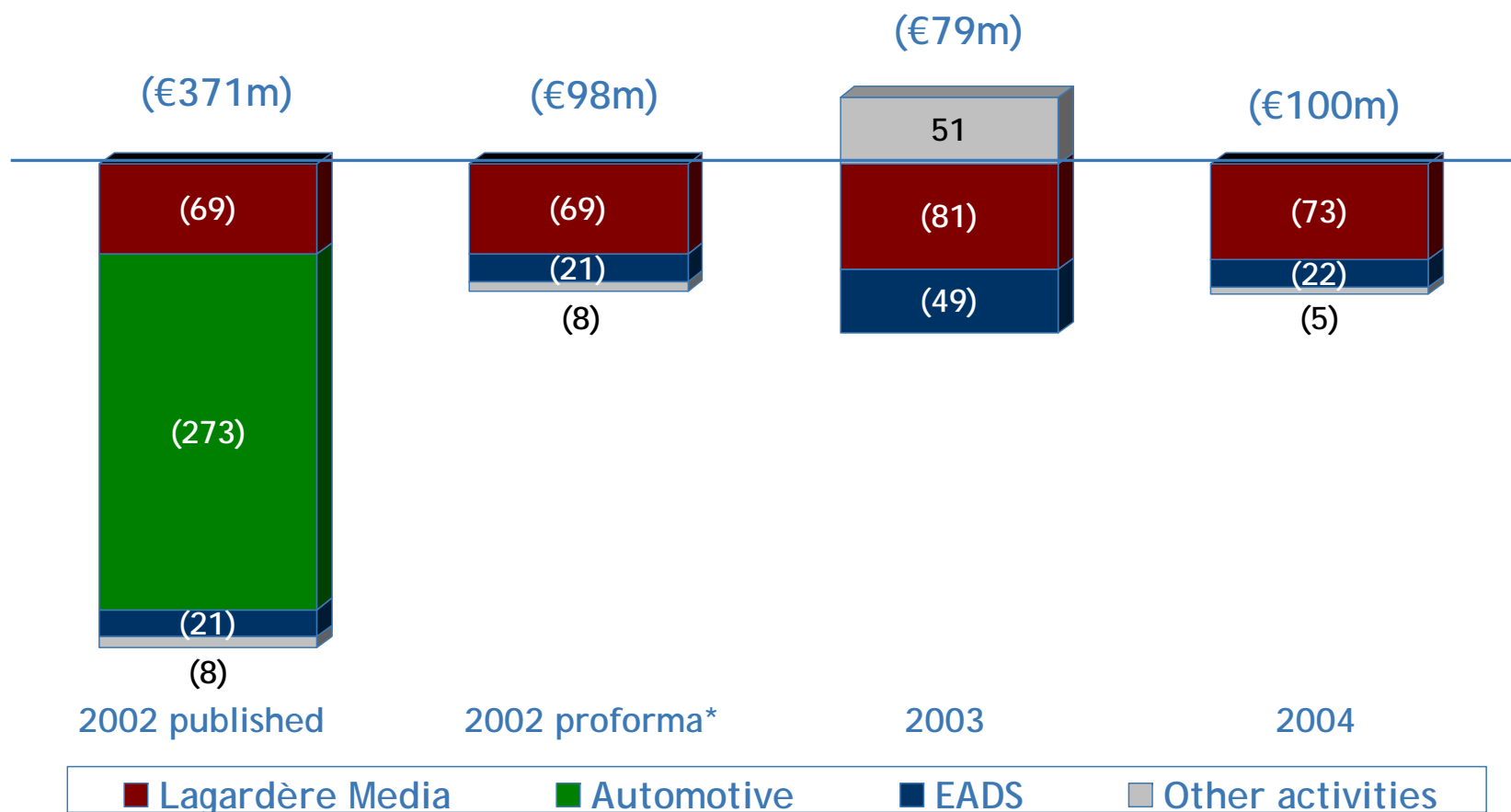
# Operating Income after Interest\* by division



- Strong growth in consolidated operating income after interest, up €145m
- Reversal of provision for *T-Online* shares: impact +€104m (vs reversal of €121m in 2003 and charge of €278m in 2002)

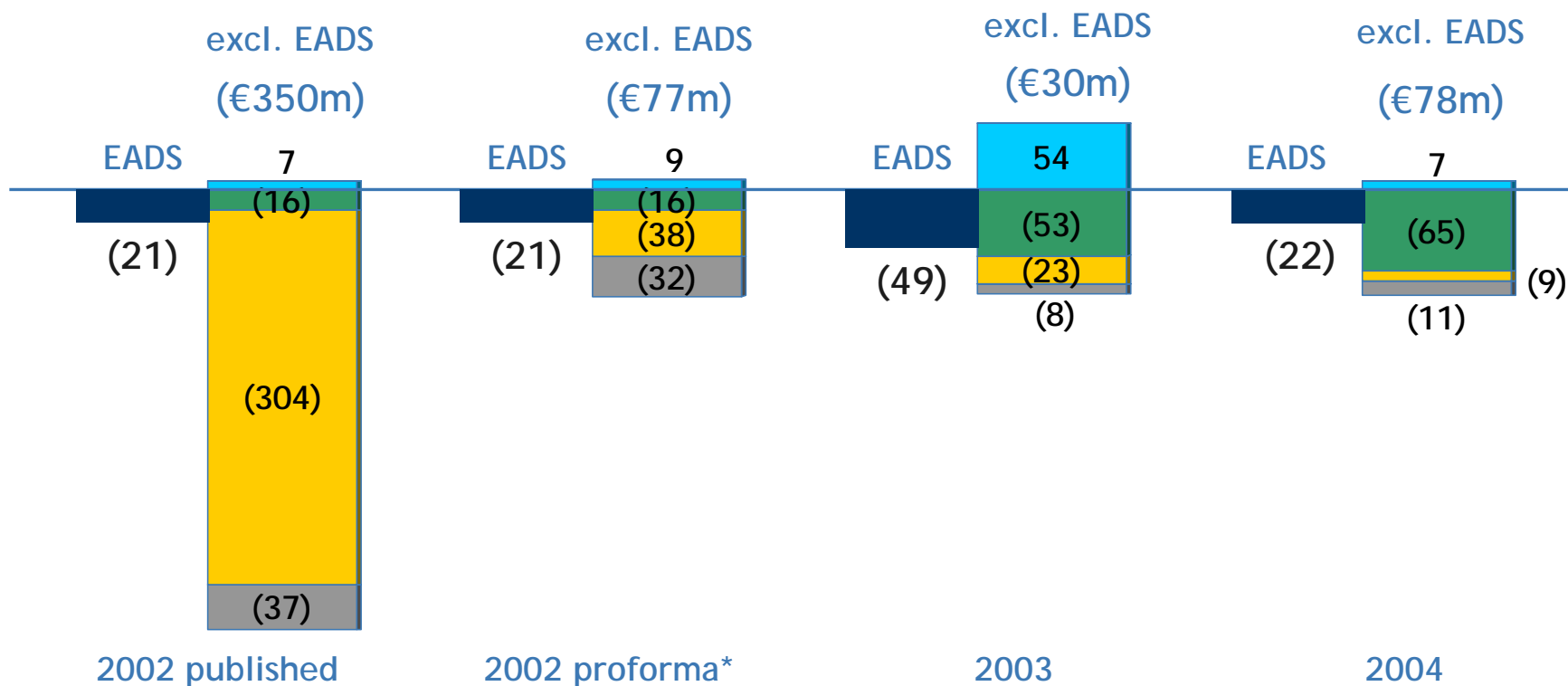


# Non-recurring items by division





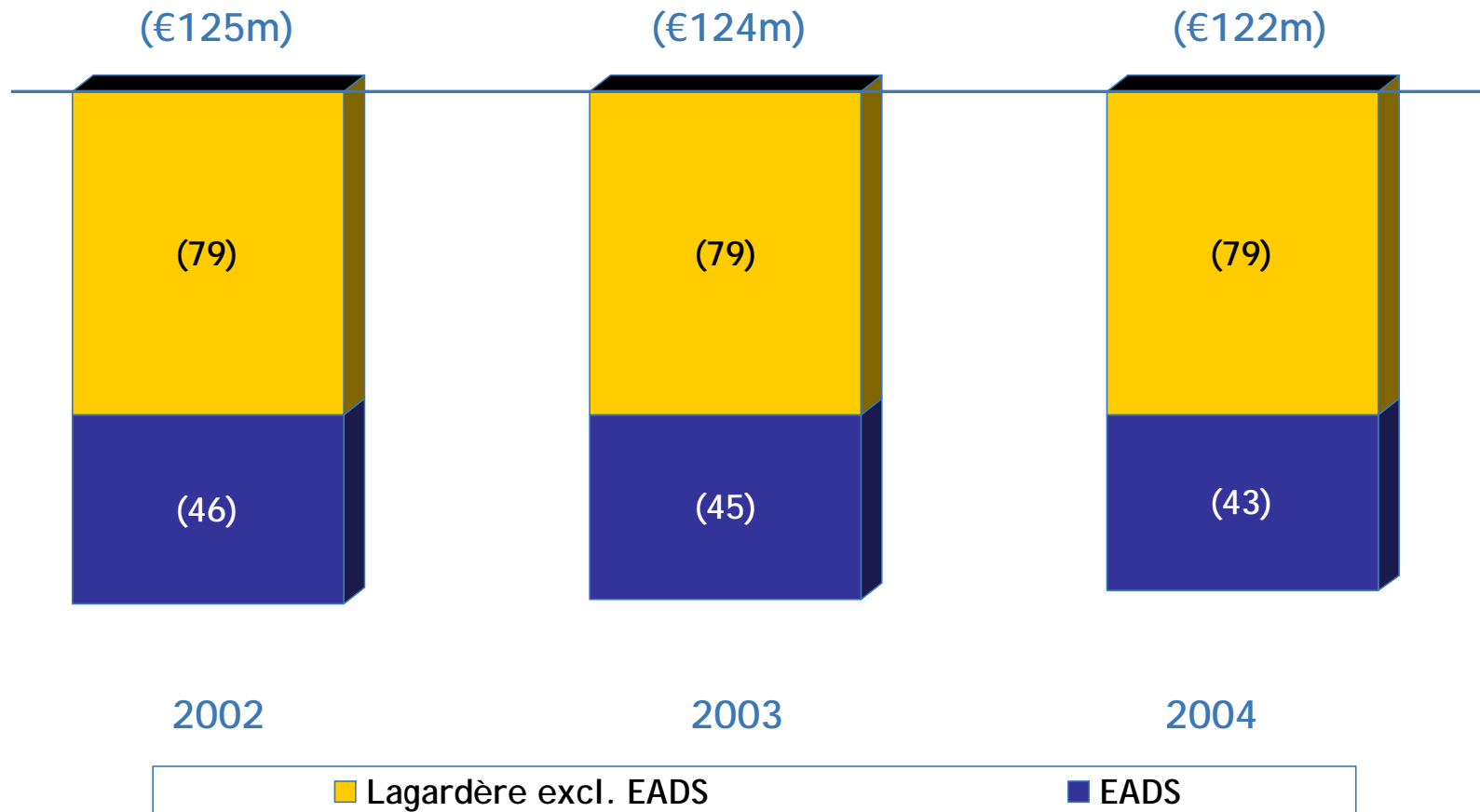
# Non-recurring items by type



- EADS
- Gain on disposals
- Write-down of intangibles
- Restructuring costs
- Other

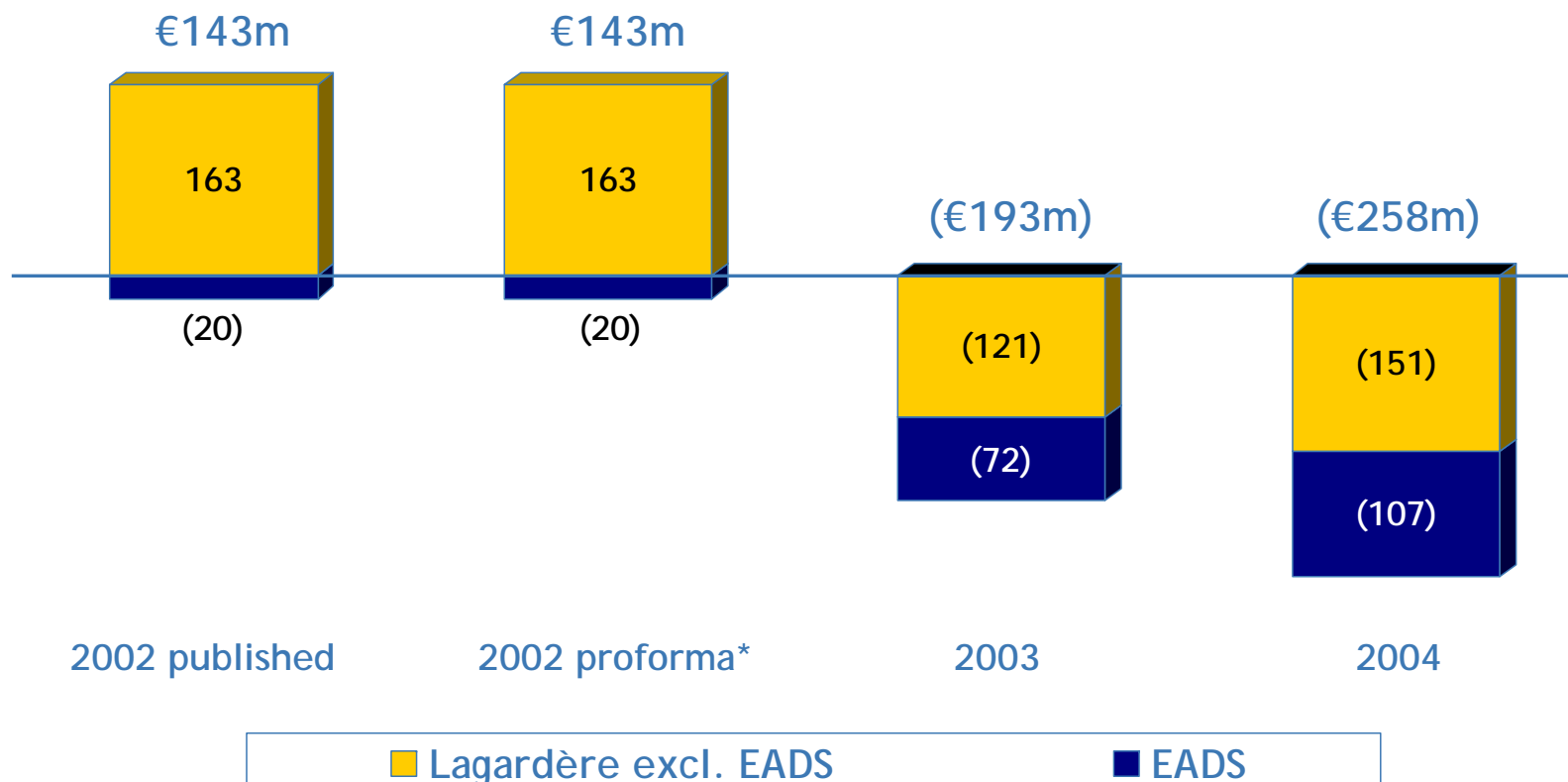


# Goodwill amortization





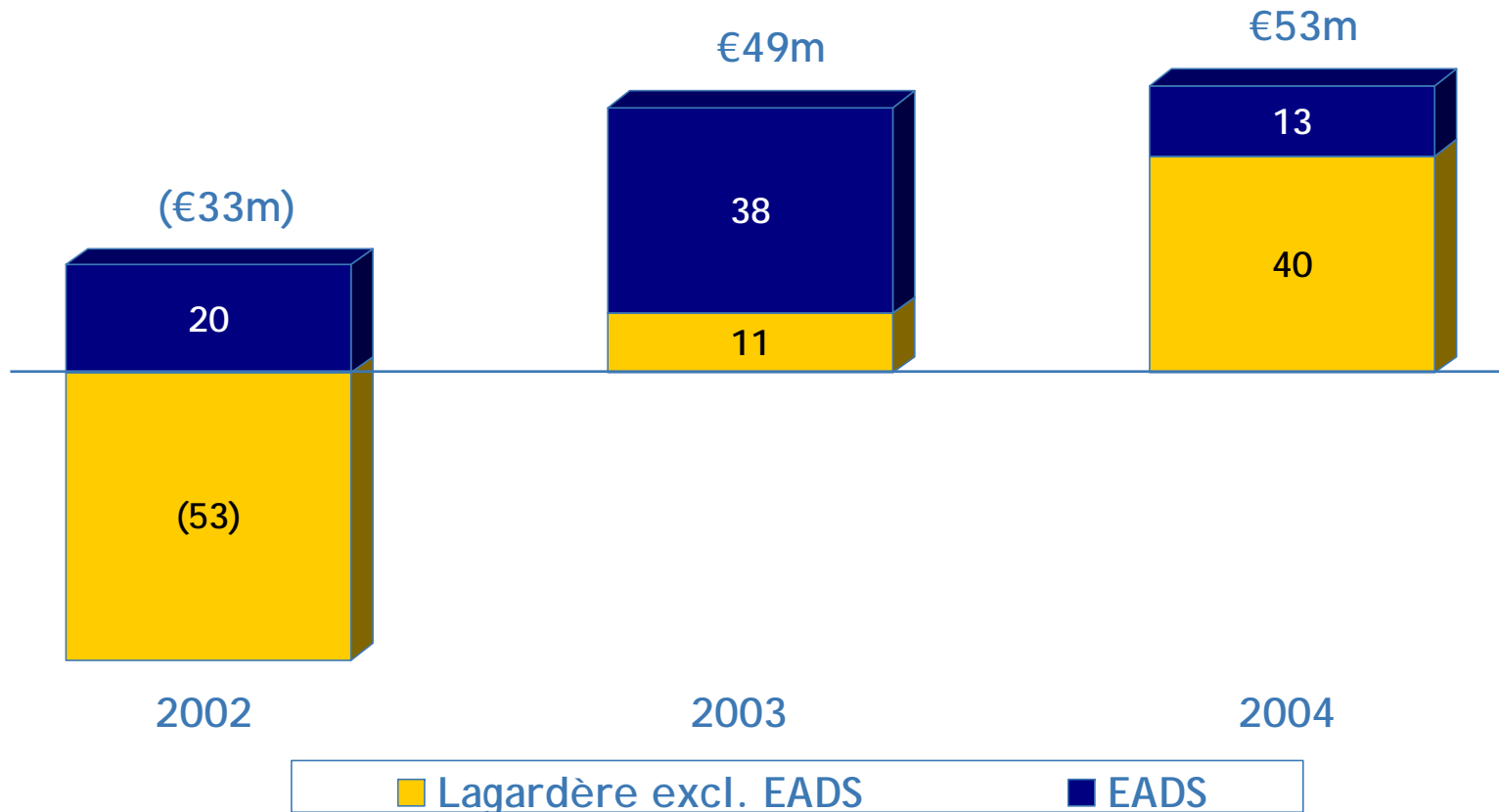
# Income taxes



Tax charge related to reversal of the provision for *T-Online* shares: €16m (vs €24m in 2003)



# Income/(loss) from equity associates

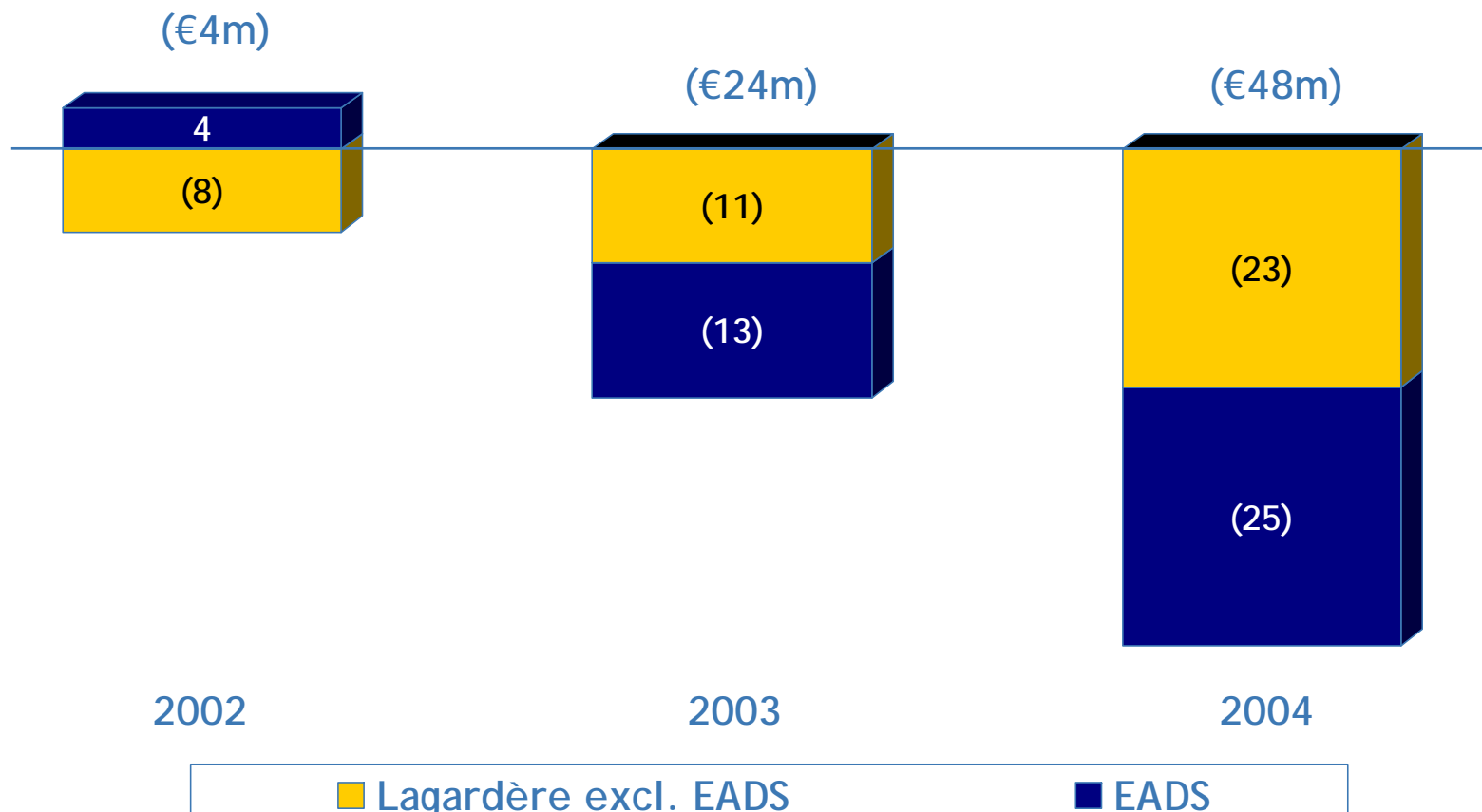


- Write-down of investment in *multiThématiques*: €13m (vs €36m in 2003)
- Substantial growth from *CanalSatellite*: 2004 contribution up €39m (vs €27m rise in 2003)





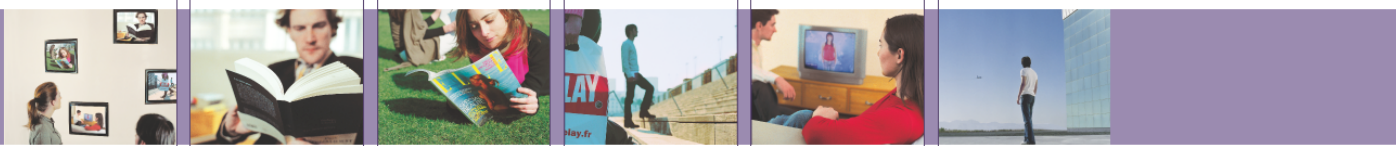
# Minority interests





# Consolidated statement of income

(€m)	2002				2003			2004		
	Excl. EADS & Auto	Auto	EADS	Total	Excl. EADS	EADS	Total	Excl. EADS	EADS	Total
Net sales	8,095	782	4,339	13,216	7,944	4,510	12,454	8,594	4,795	13,389
Operating income	370	7	63	440	439	232	671	504	361	865
Financial income/(exp.)	(339)	37	(29)	(331)	62	(20)	42	44	(51)	(7)
Operating income after interest	31	44	34	109	501	212	713	548	310	858
Non-recurring items	(77)	(273)	(21)	(371)	(30)	(49)	(79)	(78)	(22)	(100)
Other	21	0	(46)	(25)	(197)	(79)	(276)	(191)	(137)	(328)
Net income/(loss) before minority interests	(25)	(229)	(33)	(287)	274	84	358	279	151	430
Minority interests	(8)	0	4	(4)	(11)	(13)	(24)	(23)	(25)	(48)
Net income/(loss)	(33)	(229)	(29)	(291)	263	71	334	256	126	382



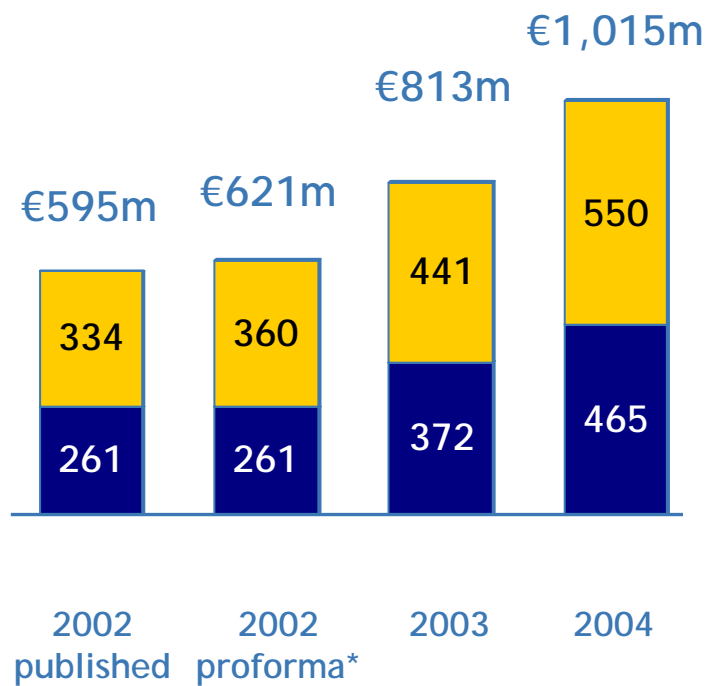
# Adjusted net income (excl. EADS)

(€m)	2003	2004
<u>Net income excl. EADS</u>	<u>263</u>	<u>256</u>
Gain on disposal of Renault shares	(40)	-
Reversal of provision for T-Online shares, net of tax	(97)	(88)
<u>Adjusted net income excl. EADS</u>	<u>126</u>	<u>168</u>
Write-down of intangibles	89	78
<u>Adjusted net income - excl. EADS (before write-down of intangibles)</u>	<u>215</u>	<u>246</u>

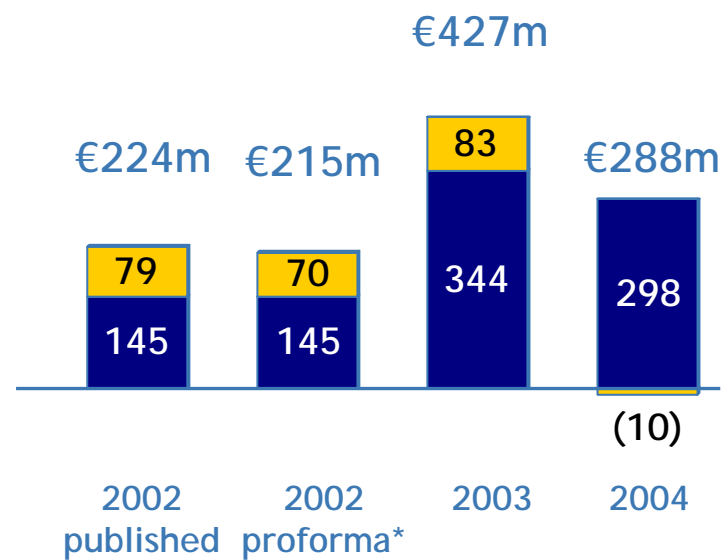


# Operating cash flow

## Operating cash flow before changes in working capital



## Changes in working capital





# Statement of cash flows

(€m)	2003			2004		
	Excl. EADS	EADS	Total	Excl. EADS	EADS	Total
Operating cash flow before changes in working capital	441	372	813	550	465	1,015
Changes in working capital	83	344	427	(10)	298	288
<b>Net cash flow from operations</b>	<b>524</b>	<b>716</b>	<b>1,240</b>	<b>540</b>	<b>763</b>	<b>1,303</b>
Investments	(270)	(635)	(905)	(809)	(682)	(1,491)
<i>Acquisitions of PP&amp;E and intangibles</i>	<i>(208)</i>	<i>(445)</i>	<i>(653)</i>	<i>(353)</i>	<i>(555)</i>	<i>(908)</i>
<i>Long-term financial investments</i>	<i>(62)</i>	<i>(190)</i>	<i>(252)</i>	<i>(456)</i>	<i>(127)</i>	<i>(583)</i>
Asset disposals	231	81	312	736	114	850
(Increase)/decrease in ST investments	21	46	67	(13)	(11)	(24)
<b>Net cash flow from investments</b>	<b>(18)</b>	<b>(508)</b>	<b>(526)</b>	<b>(86)</b>	<b>(579)</b>	<b>(665)</b>
<b>Net cash generated from operating &amp; investing activities</b>	<b>506</b>	<b>208</b>	<b>714</b>	<b>454</b>	<b>184</b>	<b>638</b>

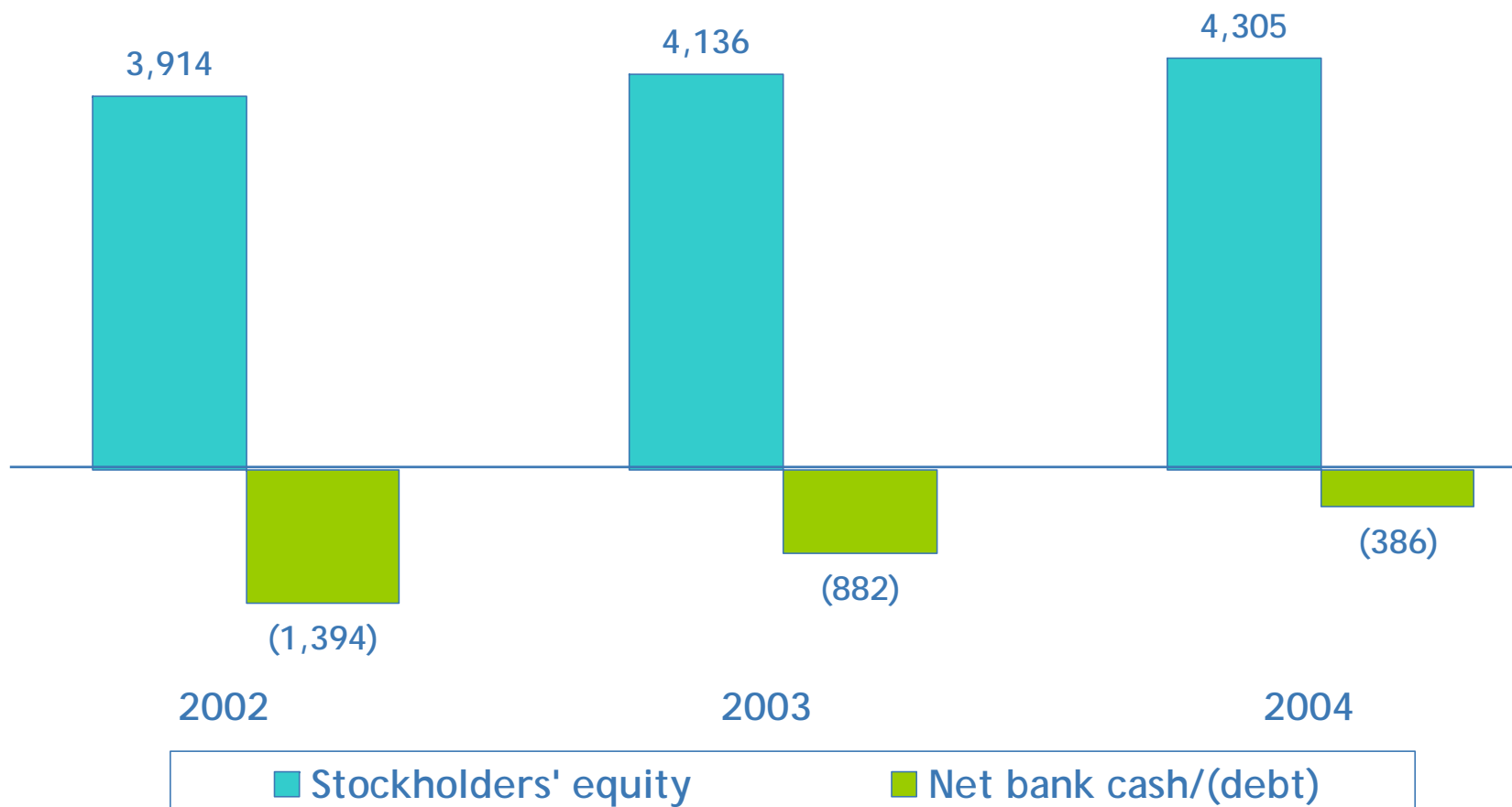


# Consolidated balance sheet

(€m)	December 31, 2003			December 31, 2004		
	Excl. EADS	EADS	Total	Excl. EADS	EADS	Total
Non-current assets	6,577	2,869	9,446	6,082	3,116	9,198
Current assets	3,631	4,880	8,511	4,639	5,199	9,838
<i>of which short-term investments and cash</i>	<i>1,436</i>	<i>1,214</i>	<i>2,650</i>	<i>1,963</i>	<i>1,413</i>	<i>3,376</i>
<b>TOTAL ASSETS</b>	<b>10,208</b>	<b>7,749</b>	<b>17,957</b>	<b>10,721</b>	<b>8,315</b>	<b>19,036</b>
Stockholders' equity & permanent funds	3,407	1,145	4,552	3,547	1,174	4,721
Provisions for contingencies & losses	996	1,205	2,201	1,033	1,181	2,214
Debt	3,102	717	3,819	3,276	774	4,050
Current liabilities	2,703	4,682	7,385	2,865	5,186	8,051
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>10,208</b>	<b>7,749</b>	<b>17,957</b>	<b>10,721</b>	<b>8,315</b>	<b>19,036</b>



# Stockholders' equity\* and net bank cash/(debt)\*



\* Excluding perpetual subordinated notes

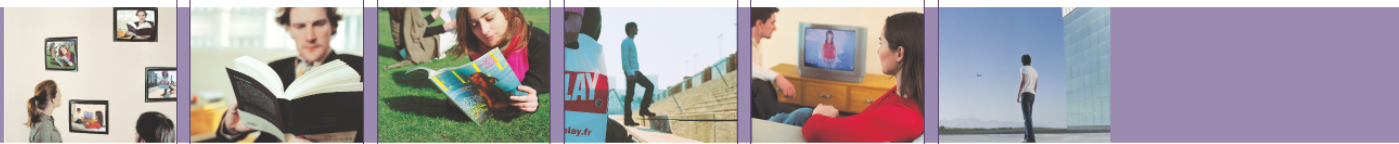


# Net bank cash/(debt)\*

(€m)	Dec 31, 2003	Movement	Dec 31, 2004
<u>Net bank cash/(debt)</u>	<u>(882)</u>	<u>496</u>	<u>(386)</u>
EADS	497	143	640
T-Online	522	104	626
Excl. EADS and T-Online	(1,901)	249	(1,652)

\* Excluding perpetual subordinated notes





# Lagardère - Maturity of debt (excl. EADS)

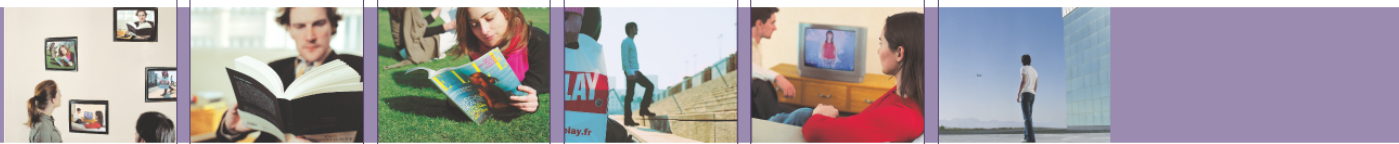
(€m) at Dec 31, 2004	< 1 year	1 to 5 years	> 5 years	Total
1992 perpetual subordinated notes			287	287
Bonds	788	310	504	1,602
Bank borrowings	27	807		834
Finance lease obligations	10	58	22	90
Other debt	168	87	5	260
Short-term debt	203			203
<b>TOTAL</b>	<b>1,196</b>	<b>1,262</b>	<b>818</b>	<b>3,276</b>

Short-term investments and cash (excl. EADS): €1,963m



# Off balance sheet commitments (excl. EADS)

(€m)	Dec 31, 2003	Dec 31, 2004
Guarantees given in connection with ordinary activities (2003 includes €122m in connection with the acquisition of the assets of <i>EDITIS</i> )	248	118
Mortgages and pledges	8	4
Commitments arising from securities transactions - Commitments to repurchase securities at fixed prices	15	1
Commitments arising from currency or interest rate hedges		
- Currency hedges	37	123
- Interest rate hedges	401	286
- Combined currency/interest rate hedges - mainly on the 2001 private placing	598	598
- On perpetual subordinated notes		
• Currency (1988 notes)	166	0
• Interest rate		
→ 1988 notes	467	0
→ 1992 notes	450	481
Commitments received	23	20



# Other information (excl. EADS)

(€m)	Dec 31, 2004
<b>Future lease payments under operating leases</b>	<b>654</b>
- 2005	148
- 2006	129
- 2007	109
- 2008	83
- 2009	64
- 2010 and after	121
<b>Market value of financial instruments (*)</b>	<b>(163)</b>
(*) These instruments are used solely to hedge financial assets and liabilities	
<b>Unused credit facilities</b>	<b>1,549</b>



# F

inancial indicators by division



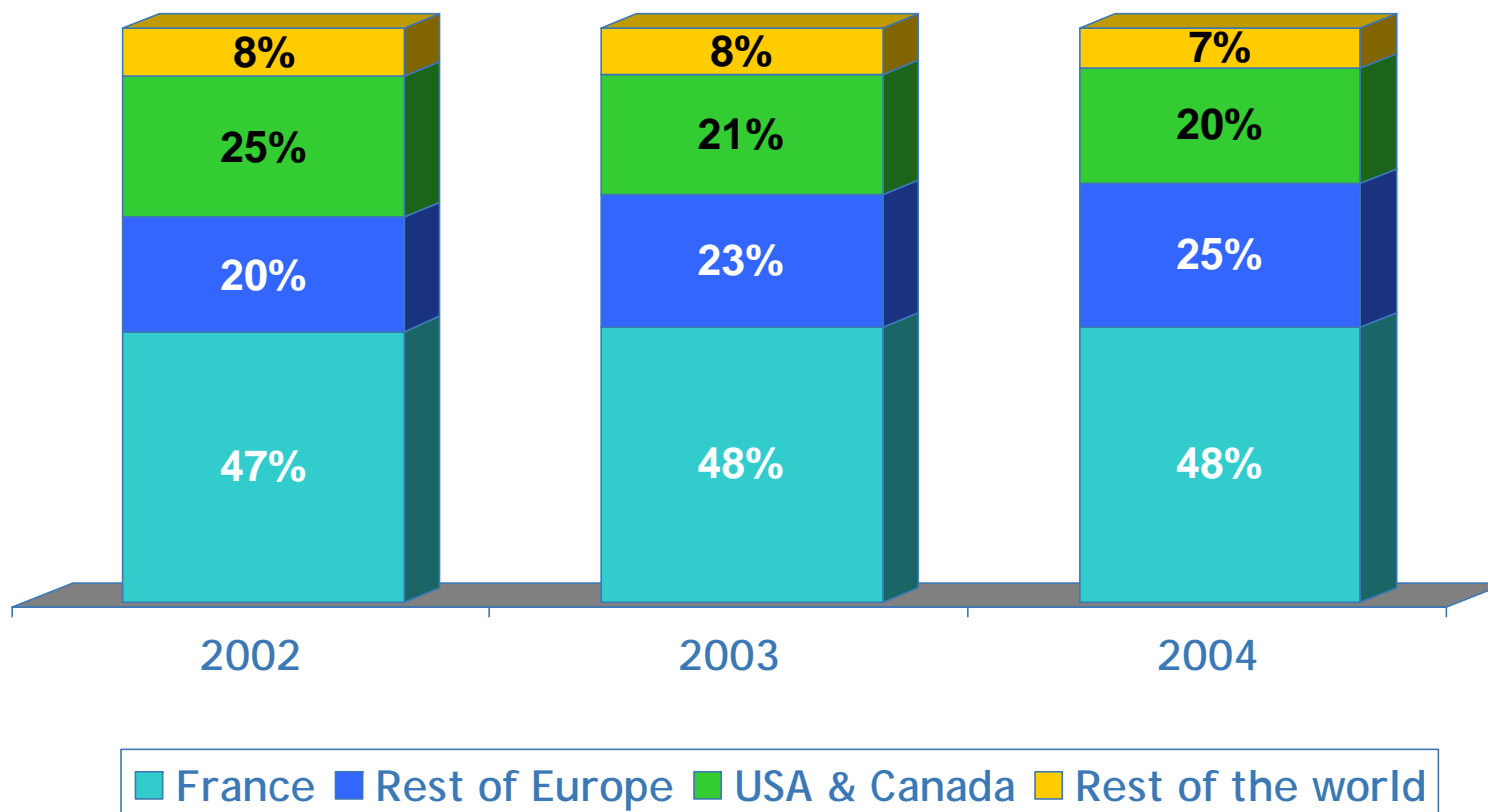
# Net sales by business segment

(€m)	2002	2003	2004
<i>Books</i>	950	959	1,431
<i>Press</i>	2,113	2,072	2,120
<i>Distribution Services</i>	4,464	4,333	4,366
<i>Lagardere Active</i>	568	580	677
Lagardère Media	8,095	7,944	8,594
EADS	4,339	4,510	4,795
Automotive	782	-	-
<b>TOTAL</b>	<b>13,216</b>	<b>12,454</b>	<b>13,389</b>



# Press

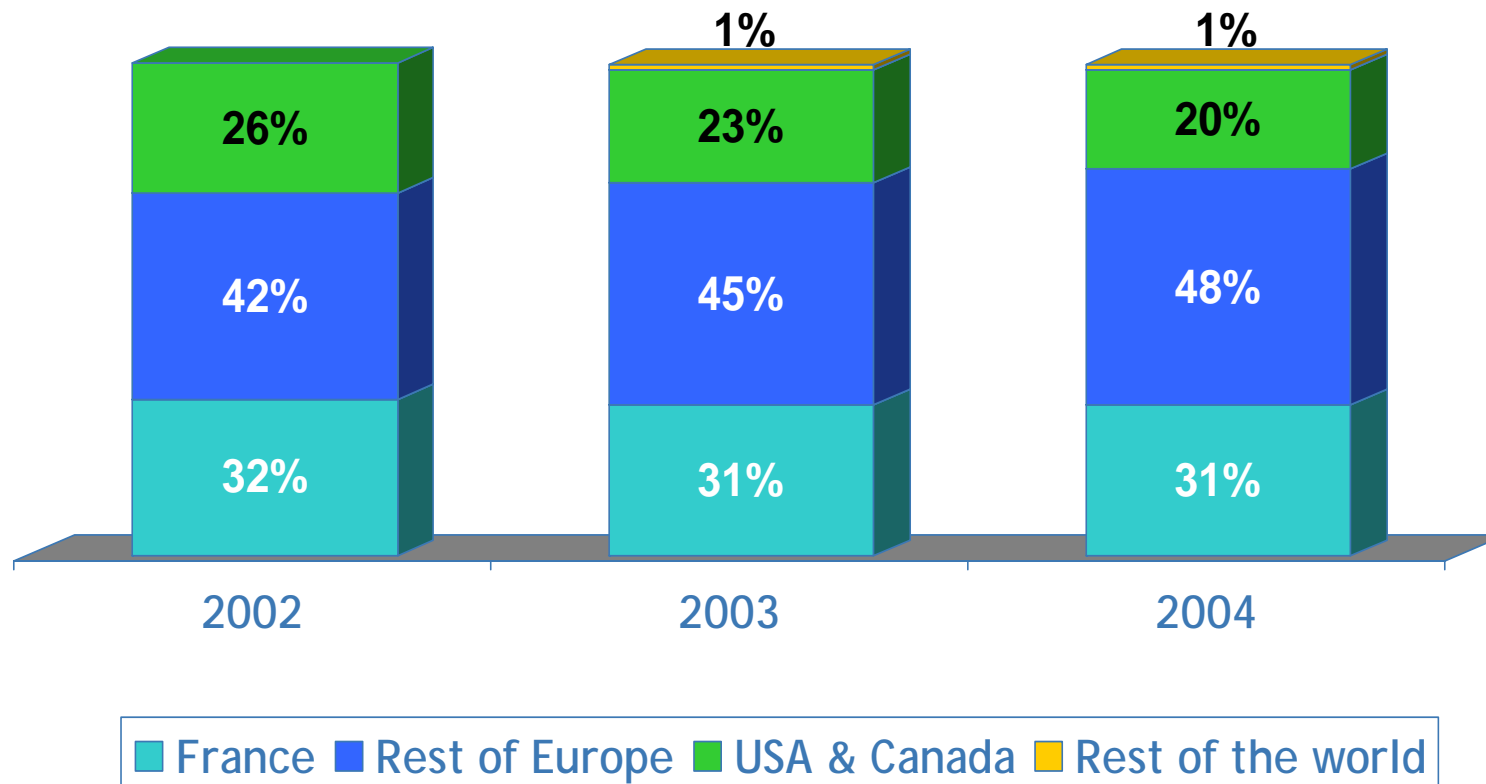
## Net sales by geographical area





# Distribution Services

## Net sales by geographical area





# Operating income by business segment

(€m)	2002	2003	2004
<i>Books</i>	91	107	173
<i>Press</i>	192	201	196
<i>Distribution Services</i>	88	92	98
<i>Lagardere Active</i>	14	27	49
Lagardère Media	385	427	516
EADS	63	232	361
Automobile	7	-	-
Other activities	(15)	12	(12)
Total operating income	440	671	865





# Lagardère Media - Statement of income

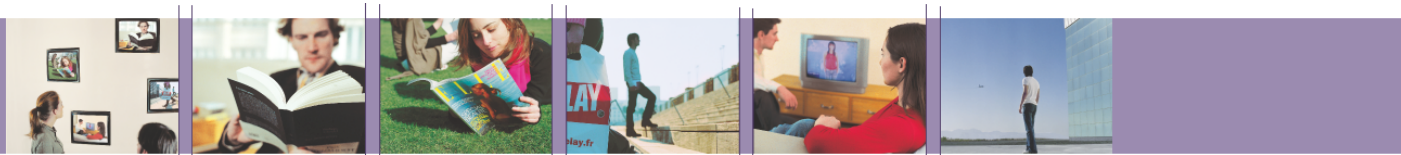
(€m)	2002	2003	2004
Net sales	8,095	7,944	8,594
Operating income	385	427	516
Financial income/(expense)(*)	(363)	55	44
Operating income after interest	22	482	560
Non-recurring items	(53)	(28)	(8)
Income from equity associates	15	47	53
Net income/(loss) before taxes & goodwill amortization	(16)	501	605
Operating margin - Lagardère Media	4.8%	5.4%	6.0%
Operating margin - excl. Distribution Services	8.2%	9.3%	9.9%

(\*) incl. movement in provision for *T-Online* shares

(278)

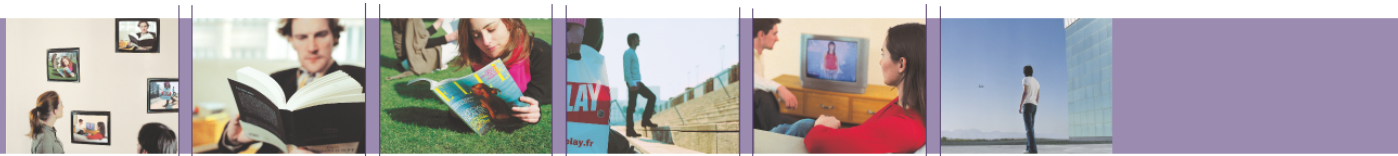
121

104



# Lagardere Active Broadcast & Broadband - Net sales & operating income/(loss) by segment

(€m)	2003				2004			
	Broadcast		Broadband	Lagardere Active	Broadcast		Broadband	Lagardere Active
	Radio	TV			Radio	TV		
Net sales	287	222	71	580	327	253	97	677
Operating income/(loss)	40	(8)	(5)	27	53	0	(4)	49



# Lagardère Media - Statement of cash flows

(€m)	2002	2003	2004
Operating cash flow before changes in working capital	357	428	555
Change in working capital	37	135	51
Net cash flow from operations	394	563	606
Investments	(1,643)	(261)	(793)
<i>Acquisitions of PP&amp;E and intangibles</i>	(228)	(206)	(341)
<i>Long-term financial investments</i>	(1,415)*	(55)	(452)
Asset disposals	26	89	739**
(Increase)/decrease in short-term investments	-	-	(13)
Net cash flow from investments	(1,617)	(172)	(67)
Net cash generated from/(used in) operating & investing activities	(1,223)	391	539

\* Includes financial advance to *Groupe Natexis Banques Populaires* in connection with the acquisition of the assets of *Editis*: €1,180m

\*\* Includes divestment of non-retained *Editis* assets: €667m



# Lagardère Media - 2004 statement of cash flows by business segment

(€m)	Books	Press	Distribution Services	Lagardere Active	Lagardère Media
Operating cash flow before changes in working capital	155	127	123	150	555
Change in working capital	18	(5)	36	2	51
Net cash flow from operations	173	122	159	152	606
Investments	(341)	(118)	(93)	(241)	(793)
<i>Acquisitions of PP&amp;E and intangibles</i>	(26)	(90)	(71)	(154)	(341)
<i>Long-term financial investments</i>	(315)	(28)	(22)	(87)	(452)
Asset disposals	681	15	21	22	739
(Increase)/decrease in ST investments	-	-	(13)	-	(13)
Net cash flow from investments	340	(103)	(85)	(219)	(67)
Net cash generated from/(used in) operating & investing activities	513	19	74	(67)	539



# Lagardère Media - 2003 statement of cash flows by business segment

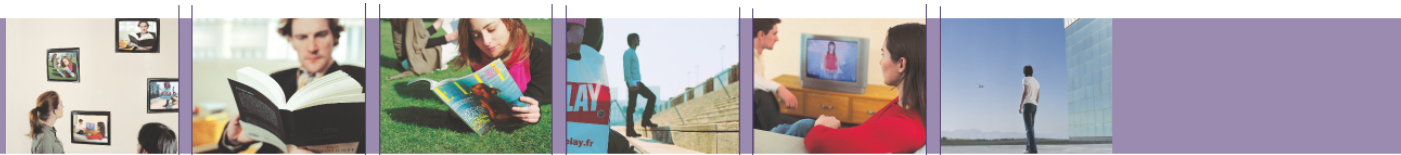
(€m)	Books	Press	Distribution Services	Lagardere Active	Lagardère Media
Operating cash flow before changes in working capital	83	136	112	97	428
Change in working capital	24	51	35	25	135
Net cash flow from operations	107	187	147	122	563
Investments	(18)	(43)	(59)	(141)	(261)
<i>Acquisitions of PP&amp;E and intangibles</i>	(9)	(28)	(55)	(114)	(206)
<i>Long-term financial investments</i>	(9)	(15)	(4)	(27)	(55)
Asset disposals	27	15	5	42	89
Net cash flow from investments	9	(28)	(54)	(99)	(172)
Net cash generated from operating & investing activities	116	159	93	23	391



# EADS - 2004 statement of income...

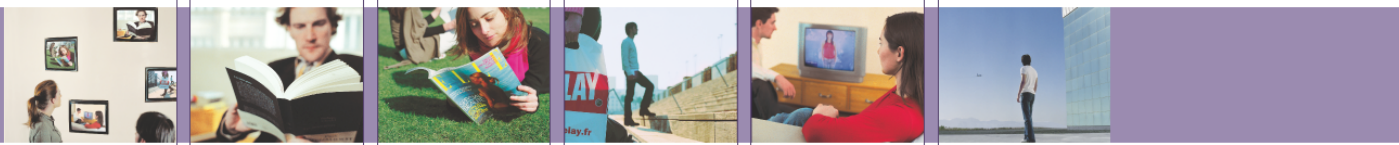
... from EADS format to Lagardère format

(€m)	EADS 100% (EADS format)	Reclassifications				EADS 100% (Lagardère format)
		Gains on disposal	Restruc- turing	Equity accounting	Provision for invest- ments	
Net sales	31,761					31,761
Operating income	2,143	(7)	128		2	2,266
Financial income/(expense)	(246)			(88)	(2)	(336)
Non-recurring items		7	(128)			(121)
Income taxes	(664)					(664)
Income from equity associates				88		88
Goodwill amortization						
Minority interests	(203)					(203)
Net income	1,030	0	0	0	0	1,030



# EADS - 2004 restated statement of income

(€m)	EADS 100% (Lagardère format)	Restatements		EADS restated 100%	Interest in EADS 15.097%	Loss on dilution	EADS contri- bution 15.097%
		Forex	Goodwill amort.				
Net sales	31,761			31,761	4,795		4,795
Operating income	2,266	(9)	137	2,394	361		361
Financial income/(expense)	(336)			(336)	(51)		(51)
Non-recurring items	(121)			(121)	(18)	(4)	(22)
Income taxes	(664)	3	(53)	(714)	(107)		(107)
Income from associates	88			88	13		13
Goodwill amortization			(289)	(289)	(43)		(43)
Minority interests	(203)		38	(165)	(25)		(25)
Net income	1,030	(6)	(167)	857	130	(4)	126



# EADS –

## Contribution to Lagardère consolidated statement of income

(€m)	2002	2003	2004
Net sales	4,339	4,510	4,795
Operating income	63	232	361
Financial income/(expense)	(29)	(20)	(51)
Operating income after interest	34	212	310
Non-recurring items	(8)	(49)	(22)
Income from associates	20	38	13
Net income before tax	46	201	301
Operating margin	1.5%	5.1%	7.5%





# EADS -

## Contribution to Lagardère consolidated statement of cash flows

(€m)	2002	2003	2004
Operating cash flow before changes in working capital	261	372	465
Change in working capital	145	344	298
Net cash flow from operations	406	716	763
Investments	(633)	(635)	(682)
<i>Acquisitions of PP&amp;E and intangibles</i>	<i>(349)</i>	<i>(445)</i>	<i>(555)</i>
<i>Long-term financial investments</i>	<i>(284)</i>	<i>(190)</i>	<i>(127)</i>
Asset disposals	185	81	114
(Increase)/decrease in short-term investments	(63)	46	(11)
Net cash flow from investments	(511)	(508)	(579)
Net cash generated from/(used in) operating & investing activities	(105)	208	184



## EADS - Restated balance sheet and contribution to Lagardère consolidated balance sheet

(€m)	EADS 100%	Lagardère reclassifications	Lagardère restatements	EADS restated 100%	EADS restated 15.097%
Non-current assets	27,003		(6,361)	20,642	3,116
Current assets	31,264	11,935	(8,763)	34,436	5,199
<i>of which ST investments &amp; cash</i>	<i>9,184</i>		<i>177</i>	<i>9,361</i>	<i>1,413</i>
<b>TOTAL ASSETS</b>	<b>58,267</b>	<b>11,935</b>	<b>(15,124)</b>	<b>55,078</b>	<b>8,315</b>
Stockholders' equity & other permanent funds	19,343		(11,568)	7,775	1,174
Prov. for contingencies/losses	8,573	2,809	(3,556)	7,826	1,181
Debt	5,126			5,126	774
Current liabilities	25,225	9,126		34,351	5,186
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>58,267</b>	<b>11,935</b>	<b>(15,124)</b>	<b>55,078</b>	<b>8,315</b>



# Lagardère - Net income/loss - Other activities

(€m)	2002	2003	2004
Operating income/(loss)	(15)	12	(12)
Financial income/(expense) (incl. preferred remuneration)	14	(1)	(1)
Non-recurring items	(8)	51*	(5)**
<b>TOTAL</b>	<b>(9)</b>	<b>62</b>	<b>(18)</b>

\* Incl. €40m gain on disposal of Renault shares in February 2003

\*\* Incl. +€39m for reversal of provisions on withdrawal from Matra Auto  
 -€37m for charges and provisions following acquisition of Editis  
 -€5m for loss on Banque Arjil disposal



# Lagardère - Results summary

(€m)	2002 published	2002 proforma*	2003	2004
Lagardère Media	(16)	(16)	501	605
EADS	46	46	201	301
Automotive	(229)	N/M	N/M	N/M
Other activities	(9)	(9)	62	(18)
Income taxes	143	143	(193)	(258)
Net income/(loss) before goodwill & minority interests	(65)	164	571	630
Goodwill amortization & write-down of intangibles	(222)	(222)	(213)	(200)
Net income/(loss) before minority interests	(287)	(58)	358	430
Minority interests	(4)	(4)	(24)	(48)
Net income/(loss)	(291)	(62)	334	382



# Significant events



## Overview

### 2004 performance:

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- Net sales: up 6.4% like-for-like  
up 49.3% as published
- Operating income: up 61.9% as published

### Highlights of the year:

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- Hachette Livre jumps from 11th to 5th in world rankings in terms of net sales
- Spectacular growth for Hachette Livre in France, versus market growth of just 3.6%
- Significant acquisitions: *Larousse*, *Dalloz*, *Dunod* and *Armand Colin* in France, *Anaya* in Spain, and *Hodder Headline* in the UK



## France

### General Literature

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- Outstanding performance from literary publishing, better than in 2003
- *Da Vinci Code* the literary sensation of 2004 for *Lattès*, selling 1.3 million copies
- Other publishing houses holding up well, including *Grasset*, *Stock* and *Calmann-Lévy*

### Education

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- *Hachette Éducation*, *Hatier*, *Didier* and *Foucher* maintained their positions in a tough market

### Hachette Illustrated

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#### Further strong growth:

- Children's books: success for characters like *Franklin* in the *Bibliothèque Rose*
- Practical titles (*Marabout*, *Hachette Tourisme*) boosted by success of Cookery & Travel books

### Academic & Trade

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- 2004 in line with growth and margin targets
- Excellent performance from *Dalloz*: net sales up 7%

### Part-works

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- International launches confirm the relevance of the rollout strategy
- *Casse-têtes*, *Big Monster Truck* in France; *Calligraphy* in the UK; *Italian Cars* in Italy; *Titanic* in Japan



## France

### Larousse

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- Sales buoyed by success of *Petit Larousse Illustré*, which celebrated its centenary

### Distribution

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- Fine performance thanks to high capacity utilization
- Further improvements in productivity and processes
- Renewal of third-party distribution contracts in comic strips, fiction and consumer titles

## United Kingdom

### Acquisition of *Hodder Headline*: a milestone in the development of Hachette Livre

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- Hachette Livre now no.2 in the UK
- One of the best business mixes among English-language publishers
- Presence in similar segments: General Literature, Children's Books, Education
- Operations in Australia and New Zealand
- Distribution business (Bookpoint platform)





## United Kingdom

### Fine performance by Orion

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- Boosted by *Himalaya*, alongside the continued success of *Watts*

### New dimension

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- UK operations now combined within Hachette Livre UK
- UK now accounts for 26% of total net sales (France 50% - Spain 15%)

## Spain

- Following the acquisition of *Anaya*, Hachette Livre is now no.2 in Spain behind Planeta, and no.1 in Educational Publishing
- Fine performance by *Salvat* in part-works, with particularly strong successes in special sales

## Outlook for 2005

- Strategy focused on expansion in Hachette Livre's core businesses (Education, Literature, Illustrated) and in key language zones
- Drive to optimize integration of publishers acquired in 2004



## Overview

### 2004 performance:

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- Net sales: up 1.7% like-for-like  
up 2.3% as published
- Operating income: down 2.3% as published, stable at constant exchange rates  
H2 2004 operating profit is, as expected, up on H2 2003

### Market conditions:

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- Tougher competition in France and internationally
- Slight recovery in advertising spend

### Strategy:

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- Launch of new local brands in France (*Public*, *Choc*), Spain and high-growth countries
- Roll-out of international brands (*Maxim*, *Elle Girl*, *Psychologies* in Italy, etc)
- Investment in editorial content to defend market share of established titles

### Acquisitions policy:

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- Magazine group in Russia (TV listings, freesheets) effective January 1, 2004
- Relaunch of *Ohla!* via joint venture with the Spanish publisher in April 2004
- Acquisition of 49% interest in publisher of *Psychologies Magazine* effective July 1, 2004



## Magazines: France

- TV advertising opened up to magazines and other press publications
- *Télé 7 jours* held its ground despite disruption from launch of fortnightlies
- Hiccup in consumer demand in second half of 2004
- But Hachette Filipacchi Médias was protected by its position as market leader

### Numerous launches:

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- *Public*:
  - launched July 2003, boosted by the first TV ad campaign in France
  - average circulation over 280,000 during the year
  - advertising revenues moving close to target
- *Ohla!*:
  - relaunched in April 2004 with new editorial style
  - average circulation 20% higher than the old format
  - target for 2005-2006 is to turn this growth into advertising success
- *Choc*:
  - launch at end June 2004, backed by TV ad campaign, was an instant success
  - average circulation over 400,000 for the year, 420,000 copies sold in December
  - virtually breaking even in year 1



## Magazines: International

- **United States:**
  - stronger trading and confirmation of advertising recovery
  - new women's title, *For Me*, piloted in December 2004
- **Italy:**
  - tough year for copy sales
  - advertising revenues down in flat market
- **Spain:**
  - fine performances in an expanding advertising market
  - *Elle* and *Diez Minutos* boosted by the royal wedding
  - launch of two new titles: *Nova* and *Maxim*
- **United Kingdom:**
  - copy sales stable in a market affected by tie-in sales and promotional offers
  - heavy editorial and promotional spend in response to competitors
- **Japan:**
  - net sales steady: advertising spend up, copy sales down
  - continued growth for *Marie Claire*
- **China:**
  - boom in advertising revenues for *Elle*, *Woman's Day* and *Marie Claire*
- **Russia:**
  - growth in advertising revenues, mainly for *Elle* and *Maxim*
  - *Marie Claire* continues to grow
  - acquisition of 51% of TV listings weekly *IMG*



## Daily press and supplements

- Copy sales stable for the *La Provence* group and down for *Nice Matin* group titles
- Advertising revenues up on fine performance from local media sales agency
- Further growth for the *MarseillePlus* freesheet
- Outstanding performance from *Version Femina*, especially in advertising
- Good year for *TV Hebdo*: copy sales steady, slight increase in advertising revenues

## Non-press activities

- Ongoing restructuring of the Photo division
- Continuing growth in merchandising revenues, especially in Asia
- Transfer of *H2F* (movie rights trading/distribution) to a subsidiary of M6, effective January 1, 2004

## Outlook for 2005

- Priorities: investment in regional dailies and continuation of freesheet policy
- Commitment to success and sustained editorial investment in magazines
- Consolidation of titles launched in 2004, and ongoing development of the brand network



## Overview

### 2004 performance:

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- Net sales: up 2.0% like-for-like  
up 0.8% as published
- Operating income: up 6.7%

### Key achievements in 2004:

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- Stronger trading for the main chains
- Development of new retail concepts
- In travel retail, new concession contracts won and existing contracts renewed
- Strengthening of Hachette Distribution Services' position in Australia

### Market situation in 2004:

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- Recovery in air passenger traffic
- Collapse of Terminal 2E at Roissy-CDG Airport
- Stringent airport security measures maintained



## Press distribution

### Spain

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- Net sales up 14.2%
- Buoyant part-works sales
- New accounts secured (Globus, Dispana, Motorpress)
- Magazine sector growth fuelled by promotional campaigns
- No.1 national press distributor with market share of over 20%

### United States

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- Net sales down 3.5%
- Major new accounts won by *Curtis*, but not enough to offset downtrend in press market
- *Curtis* market share stable at nearly 45%

### Switzerland, Belgium and Hungary

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- Sales up 4.6% in Switzerland
- Sales up 4.8% in Belgium
- Sales down 1.2% in Hungary on a 3% decline in press volumes



## Travel retail

### Relay

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- Relay chain now has 1,150 stores in 13 European countries and North America
- Rollout of new formats: *Relay Services*, *Relay Café*, *Relay Livres* and the *Découvrir* concept
- France: Relay sales up 1.8%
- Belgium: sales up 3.8%
- Germany: sales up 3.7%
- Spain: sales up 6.4%
- Further growth in Central Europe: Poland (up 31.4%), Czech Republic (up 42.4%), and to a lesser extent Hungary
- Upturn in retail activity in North America in 2004
- Strong growth in Australia (up 14.7%), where the Newslink stake was increased to 100%

### Aelia

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- Chain of around 115 stores under management
- Consolidated net sales down 11.5% on 2003, mainly on lower Eurotunnel tobacco sales
- First airport retail site outside France, with the opening of an outlet at Belfast





### Retail: specialist book, video and multimedia stores

- Total sales from the *Virgin Megastore* chain up 2.0%
- *Furet du Nord* sales up 4.9%
- Chain now comprises 33 *Virgin Megastores* and 11 stores under the *Furet du Nord* banner
- Ongoing expansion of the *Virgin* brand into travel retail
- Development of franchised *Virgin Megastore* network in the Middle East
- In Switzerland, sales growth of 7.1% for the *Payot* bookstores

### Outlook for 2005

- Growth prospects linked to trends in airport traffic
- Steady growth in core businesses to continue
- Drive to penetrate new markets by organic growth or acquisitions
- On the retail side:
  - consolidation of activities under the *Virgin* banner in France
  - development of specialist outlets
  - rollout of new travel retail concepts



## Overview

### 2004 performance:

---

- Net sales: up 12.8% like-for-like  
up 16.7% as published
- Operating income: up 80%

### Highlights of the year:

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- Buoyant radio advertising market
- Successful launch of Filles TV, the first French theme channel aimed at girls aged 11 to 17
- Active role for the Group in preparing for the rollout of Digital Terrestrial Television



## Film & TV

### Theme channels:

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- Boost to children's programming (*Canal J* and *TiJi*) with the launch of *Filles TV*
- *MCM*, *Canal J* and *TiJi* still the leading channels for their target audiences
- Conseil d'État withdrawal of DTT licenses granted by French film & TV regulator CSA to *Canal J* and *iMCM*, and opening of a fresh round of license bids
- Scheduling overhaul for *Match TV*, and abandonment (February 2005) of the channel's DTT license

### Production:

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- Europe Audiovisuel still a key player in French production: 950 hours of programming produced in 2004
- No.1, for the 3rd year running, in prime-time drama by hours broadcast in 2003/04  
*Julie Lescaut* (GMT Productions): 10 of the top 100 audience ratings in 2004 across all programs
- No.2 in production of programs for immediate broadcast by number of hours to be shown in 2004/05  
*C dans l'air* (Maximal) and *Ripostes* (Image & Cie) among the biggest audience ratings for France 5  
*Nous ne sommes pas des anges* (Angel Production) daily show on Canal +

### Other activities:

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- Support role in launch of a pan-Arabic educational children's channel funded by the Qatar Foundation



## Radio

### Europe1

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- Improved performance thanks to buoyant advertising market, audience share maintained

### FM Division

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- Innovative, creative programming on Europe 2, focusing on unearthing new talent, and featuring shows in partnership with *MCM: Europe 2 Live, Europe 2 Campus Tour*
- Launch (in partnership with Hachette Distribution Services) of a legal download platform, [www.virginmega.fr](http://www.virginmega.fr), already one of France's leading download sites
- Audience figures rising for *RFM*, with strong growth in net sales

### Lagardere Active Radio International

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- Increased equity stake in operations in Russia, South Africa, Hungary and Germany
- 27 million daily listeners, compared with 25 million in the previous year
- Audience figures rising in generally buoyant advertising markets, especially in Russia and the Czech Republic
- Continuing improvements in profitability

## Advertising sales houses

- No.1 advertising sales house in radio, with 31.7% cumulative audience share in 13+ age bracket
- Leading advertising sales house for theme channels (airtime sold on 23 channels)



## New media

- Reinforcement of Lagardère Active Broadband's position in content/services distributed by mobile phone operators and other media, such as music, logo and ringtone downloads and SMS messaging
- Presence in the 4 countries with the biggest growth potential in this market: France, Germany, England and the United States

## Outlook for 2005

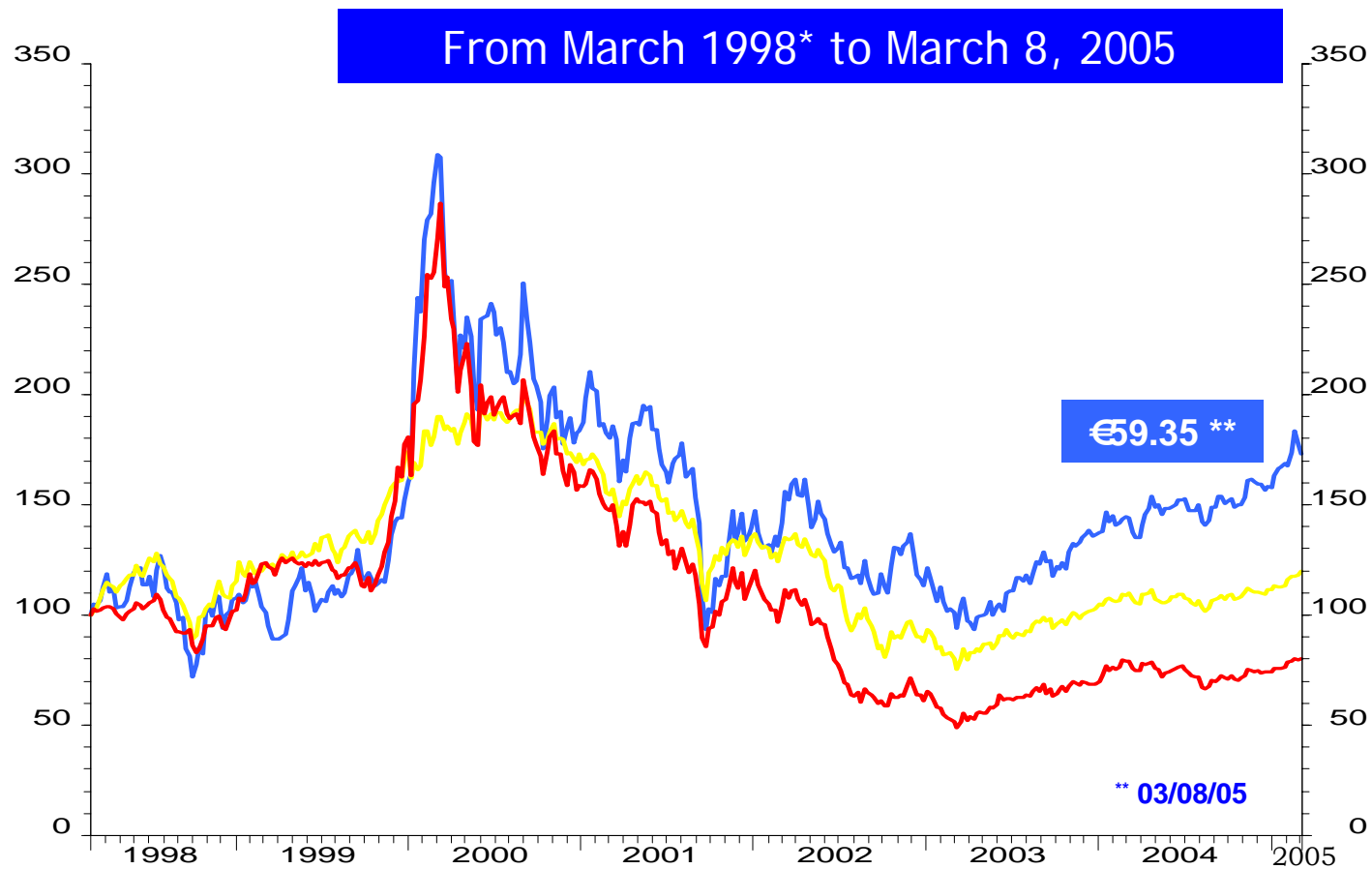
- Start-up of Digital Terrestrial Television in 2005. Lagardère involvement includes:
  - . Participation in the latest round of license bidding for a pay-TV channel (*Canal J*) and, under current plans, for two free-to-air channels (*iMCM* and a children's channel). Decision expected in May 2005
  - . Start-up of free-to-air channels under MPEG2 standard in March 2005
  - . Start-up of pay-TV channels under MPEG4 standard on a date to be set by the CSA
- Setting-up of a Music division (*FM*, *MCM* radio stations), designed to deliver significant synergies in terms of resources (e.g. in promotion)
- Further international expansion in radio as opportunities arise

Lagardère →



# Lagardère share performance

# LAGARDERE share price - Lagardere vs. "CAC 40" & "DJ STOXX MEDIA"

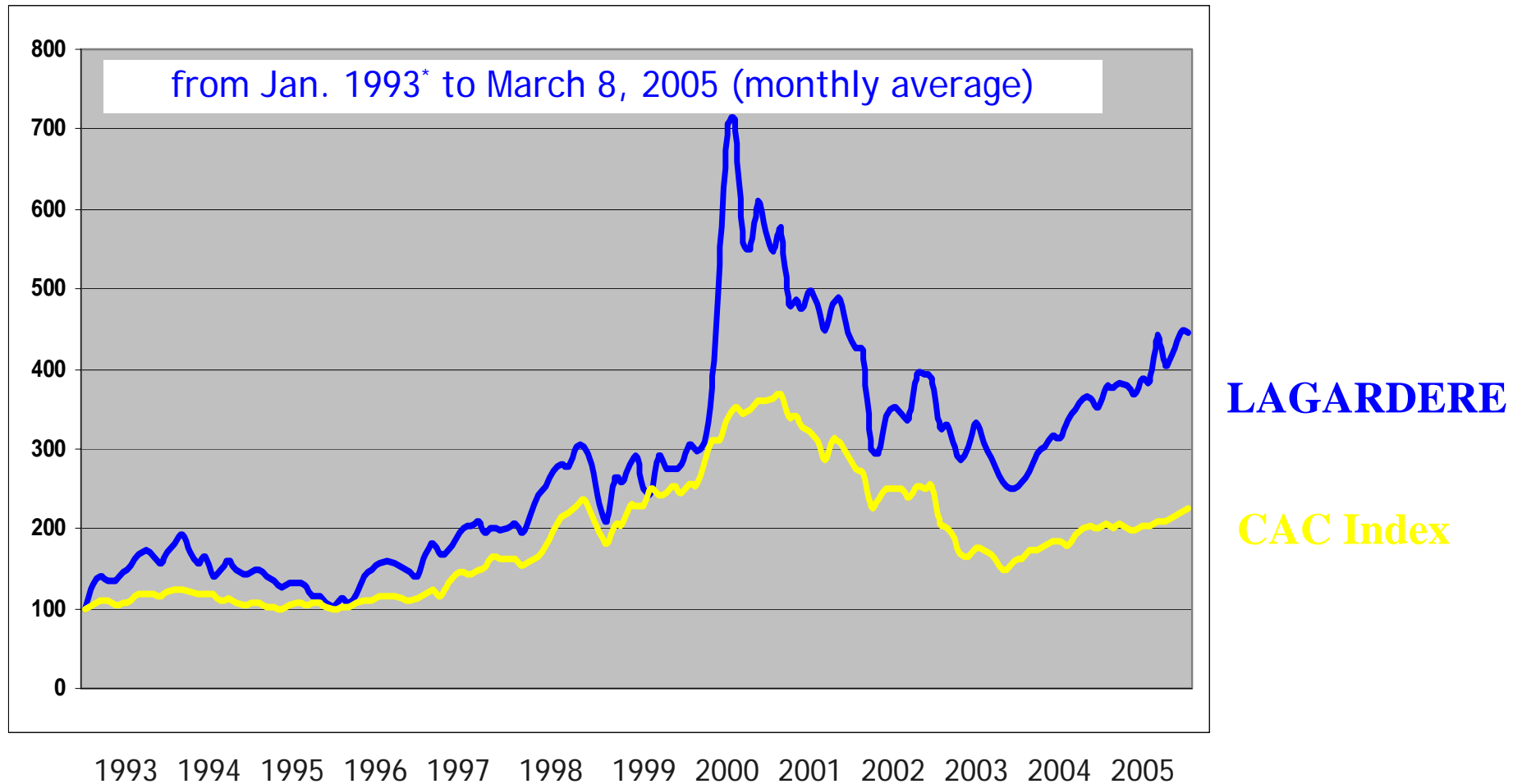


Source: Thomson Datastream

**LAGARDERE**      **DJ STOXX MEDIA**      **CAC 40**

*\* Arnaud Lagardère appointed as General Partner and taking over Lagardère Media*

# Share price performance - LAGARDERE vs. CAC40



January, 1993\* - Share price base: 100 = € 13 (FRF 85)

\* Dec. 1992 - Merger of MATRA and HACHETTE leading to the formation of LAGARDERE