



Lagardère

Analyst Meeting

March 12, 2007



Warning

2006 Full-Year Results

Certain of the statements contained in this document are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect such views and assumptions as of the date of the statements and involve known and unknown risks and uncertainties that could cause future results, performance or future events to differ materially from those expressed or implied in such statements.

When used in this document, words such as "anticipate", "believe", "estimate", "expect", "may", "intend" and "plan" are intended to identify forward-looking statements which address our vision of expected future business and financial performance. Such forward-looking statements include, without limitation, projections for improvements in process and operations, revenues and operating margin growth, cash flow, performance, new products and services, current and future markets for products and services and other trend projections as well as new business opportunities.

These forward-looking statements are based upon a number of assumptions which are subject to uncertainty and trends that may differ materially from future results, depending on a variety of factors including without limitation:

- General economic and labour conditions, including in particular economic conditions in Europe and North America
- Legal, financial and governmental risks (including, without limitation, certain market risks) related to the businesses
- Certain risks related to the media industry (including, without limitation, technological risks)
- The cyclical nature of some of the businesses.

Please refer to the most recent Reference Document (*Document de Référence*) filed by Lagardère SCA with the French *Autorité des marchés financiers* for additional information in relation to such factors, risks and uncertainties.

Lagardère SCA disclaims any intention or obligation to update or review the forward-looking statements referred to above. Consequently Lagardère SCA is not responsible for any consequences that could result from the use of any of the above statements.



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Consolidated financial statements: 2006



Main changes in scope of consolidation

2006 Full-Year Results

Books	<p>Full consolidation from April 1, 2006 of the newly-acquired <i>Time Warner Book Group</i>, comprising <i>Time Warner Book Group Inc.</i> in the USA and <i>Time Life Entertainment Group Ltd</i> in the UK.</p> <p>Full consolidation from March 6, 2006 of <i>Philip Allan Updates</i>, acquired by our UK subsidiary <i>Hodder Headline</i>.</p> <p>Sale and deconsolidation from January 1, 2006 of <i>Editions Dalloz</i>.</p>
Distribution Services	<p>Full consolidation of <i>HDS Retail Czech Republic</i>, which was 50% proportionately consolidated in 2005.</p> <p>Full consolidation of point-of sale activities of <i>HDS Hong Kong</i>, which was only consolidated from November 1 in 2005.</p> <p>Sale and deconsolidation from January 1, 2006 of the German distributor <i>Saarbach</i>.</p>



Main changes in scope of consolidation

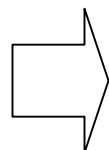
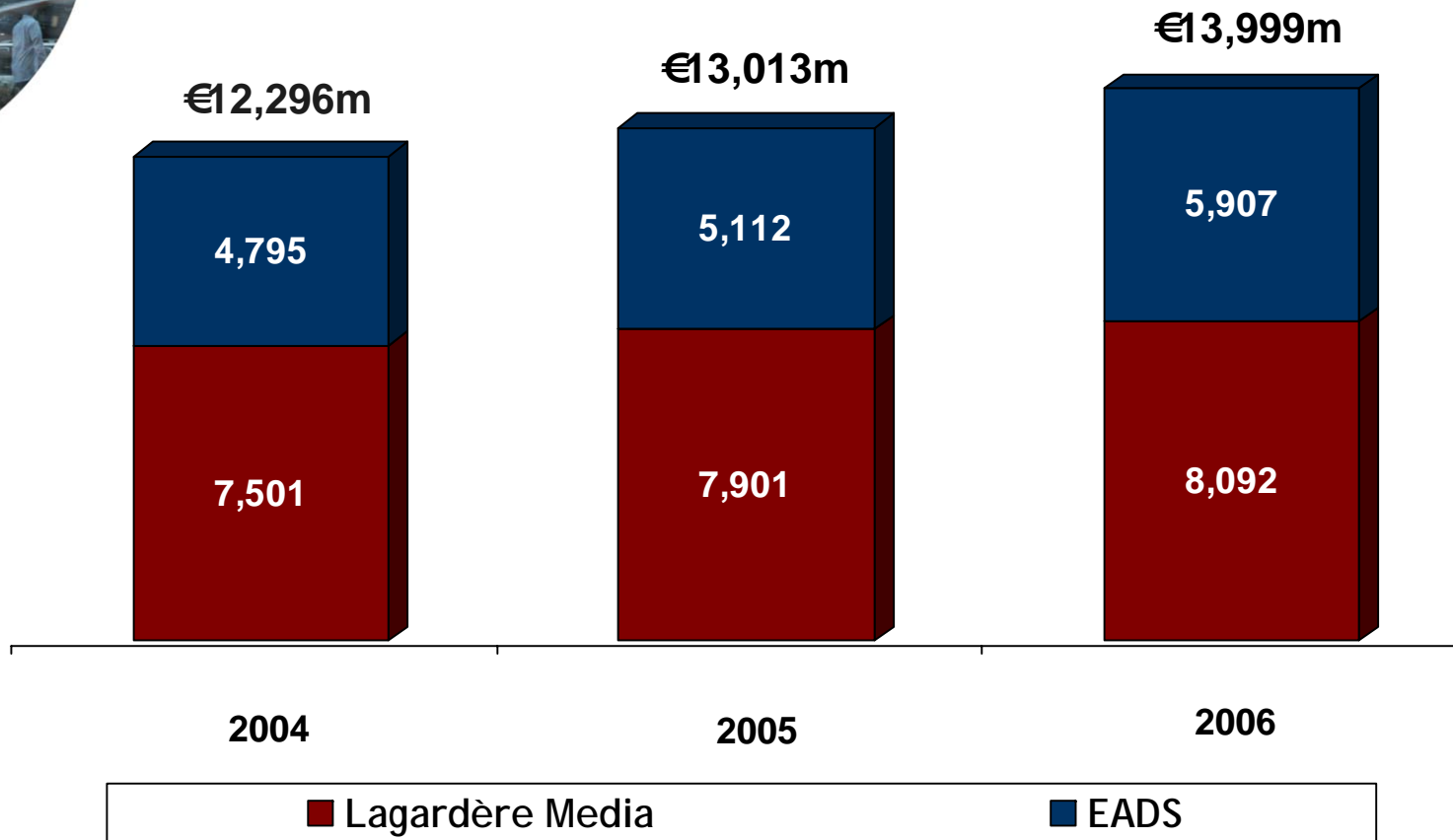
2006 Full-Year Results

Lagardere Active	<p>Acquisition of 4 radio stations in Russia, fully consolidated from March 1, 2006.</p> <p>U.S. group <i>Cellfish</i>, Lagardere Active's mobile telephony business, accounted for as an associate (equity method) from October 1, 2006; previously, this entity was fully consolidated.</p> <p>January 4, 2007: acquisition of 20% interest in <i>Canal+ France</i> via the transfer on that date of our 34% interest in <i>CanalSat</i> and via the acquisition of shares for €469m on December 19, 2006. At December 31, 2006, the 34% interest in <i>CanalSat</i> was still accounted for as an associate (equity method), and the shares acquired on 19 December 2006 were included in "Investments in non-consolidated companies". In 2007, the 20% interest in <i>Canal+ France</i> will be accounted for as an associate.</p>
EADS	<p>As a result of changes in the number of shares outstanding (due largely to the exercise of employee stock options), the percentage used for the proportionate consolidation of EADS was 14.98% in 2006, versus 14.95% in 2005 and 15.10% in 2004.</p>



Net sales by division

2006 Full-Year Results



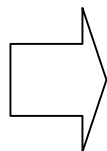
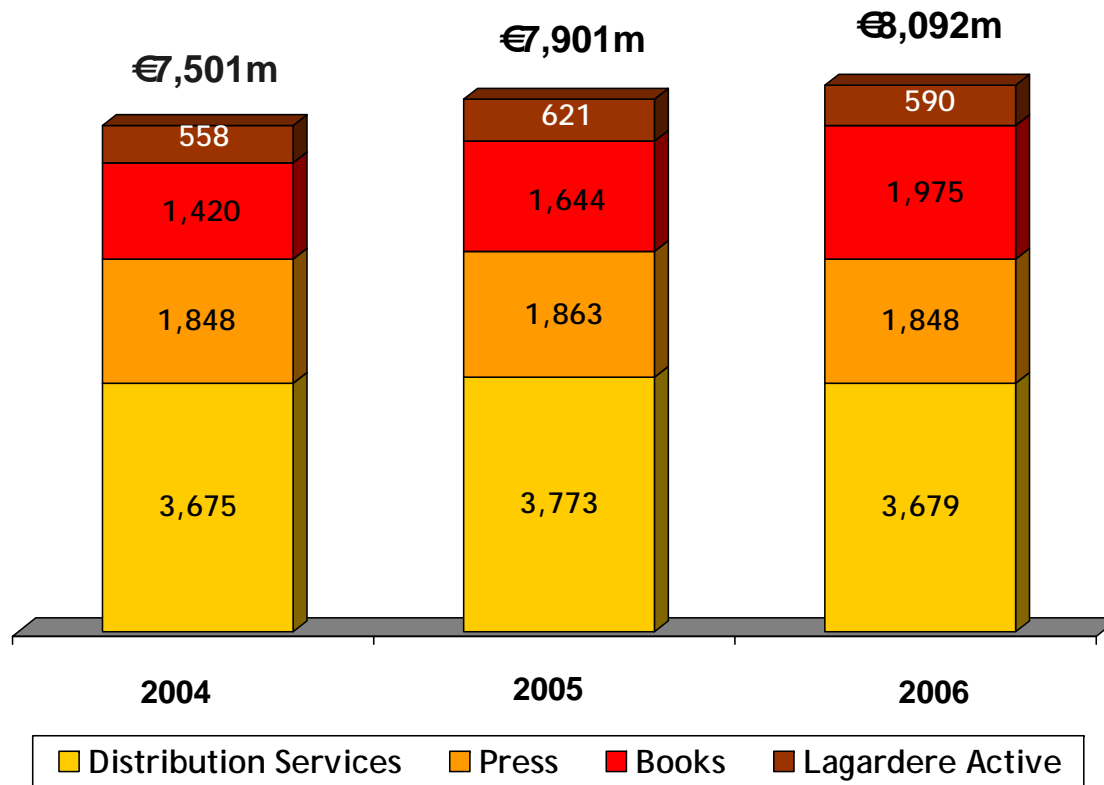
7.6% growth on a consolidated basis
2.4% growth for *Lagardère Media*

Lagardère



Net sales by business segment

2006 Full-Year Results



- 0.9% growth on a like-for-like basis

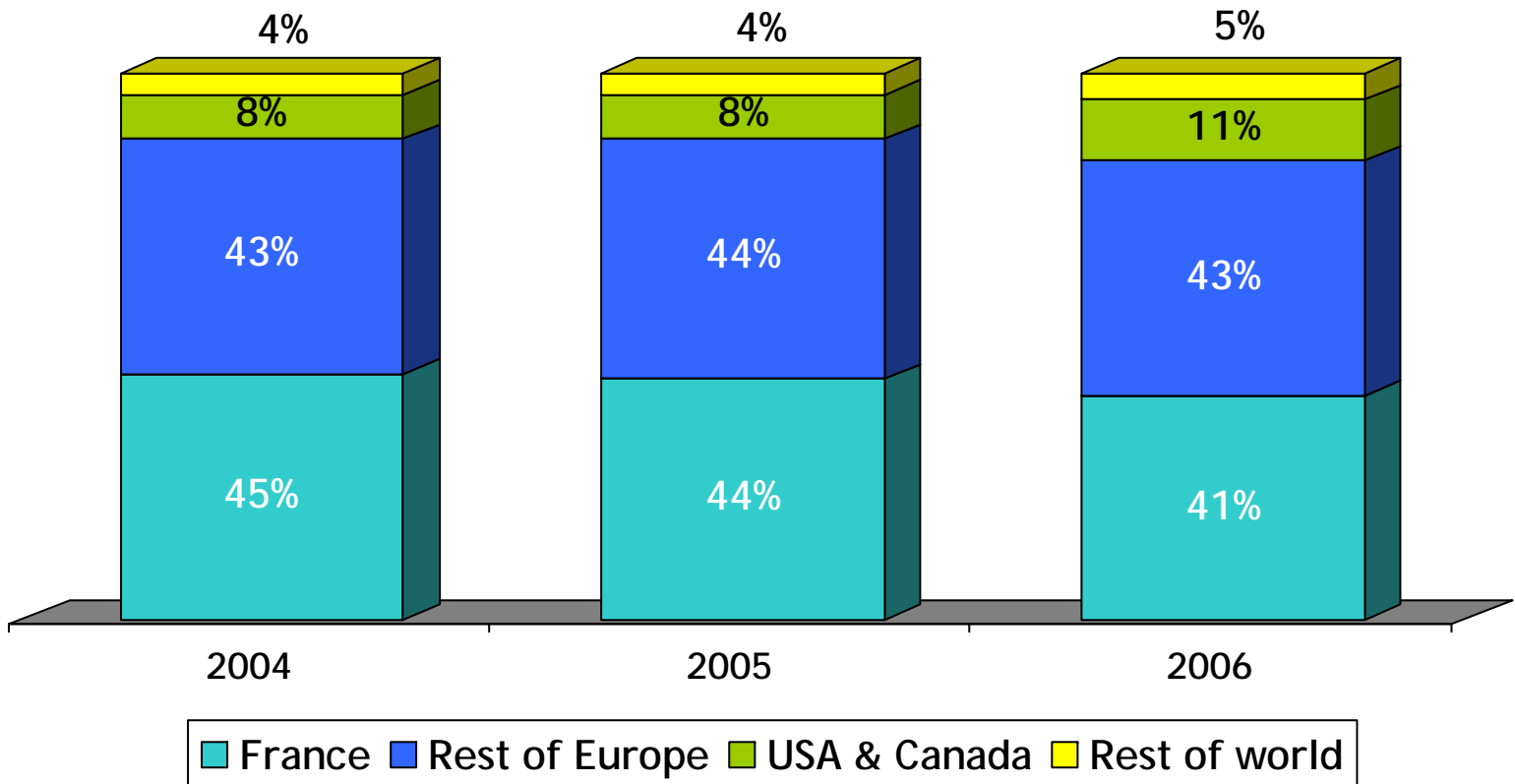
- 2006 impact of first-time consolidation of *Time Warner Book Group*: +€336m, and of changes in terms of contracts between *HDS* and certain Belgian customers: -€173m



Lagardère Media

Net sales by geographical area

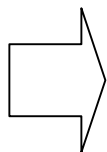
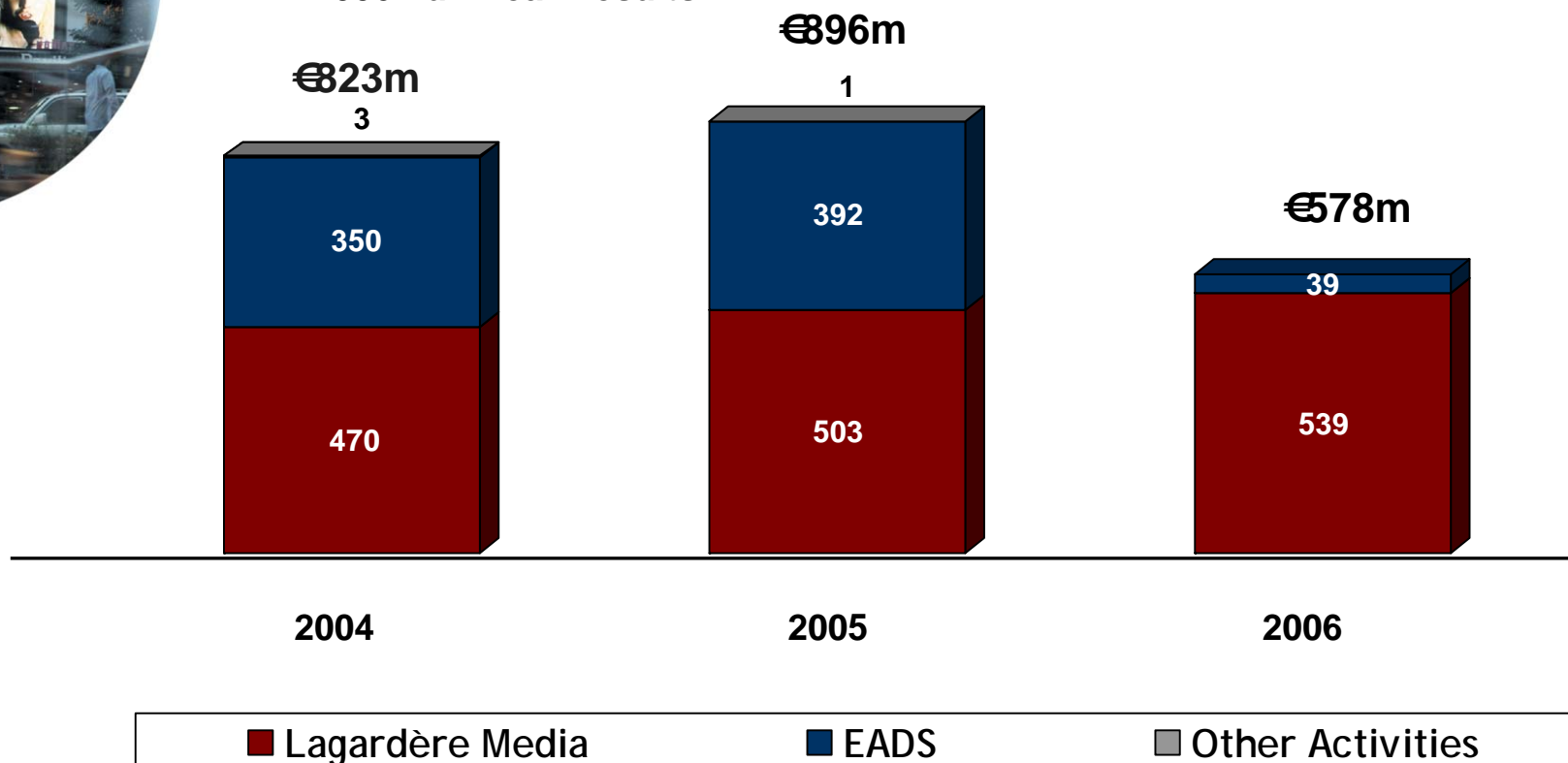
2006 Full-Year Results





Recurring EBIT before associates by division

2006 Full-Year Results



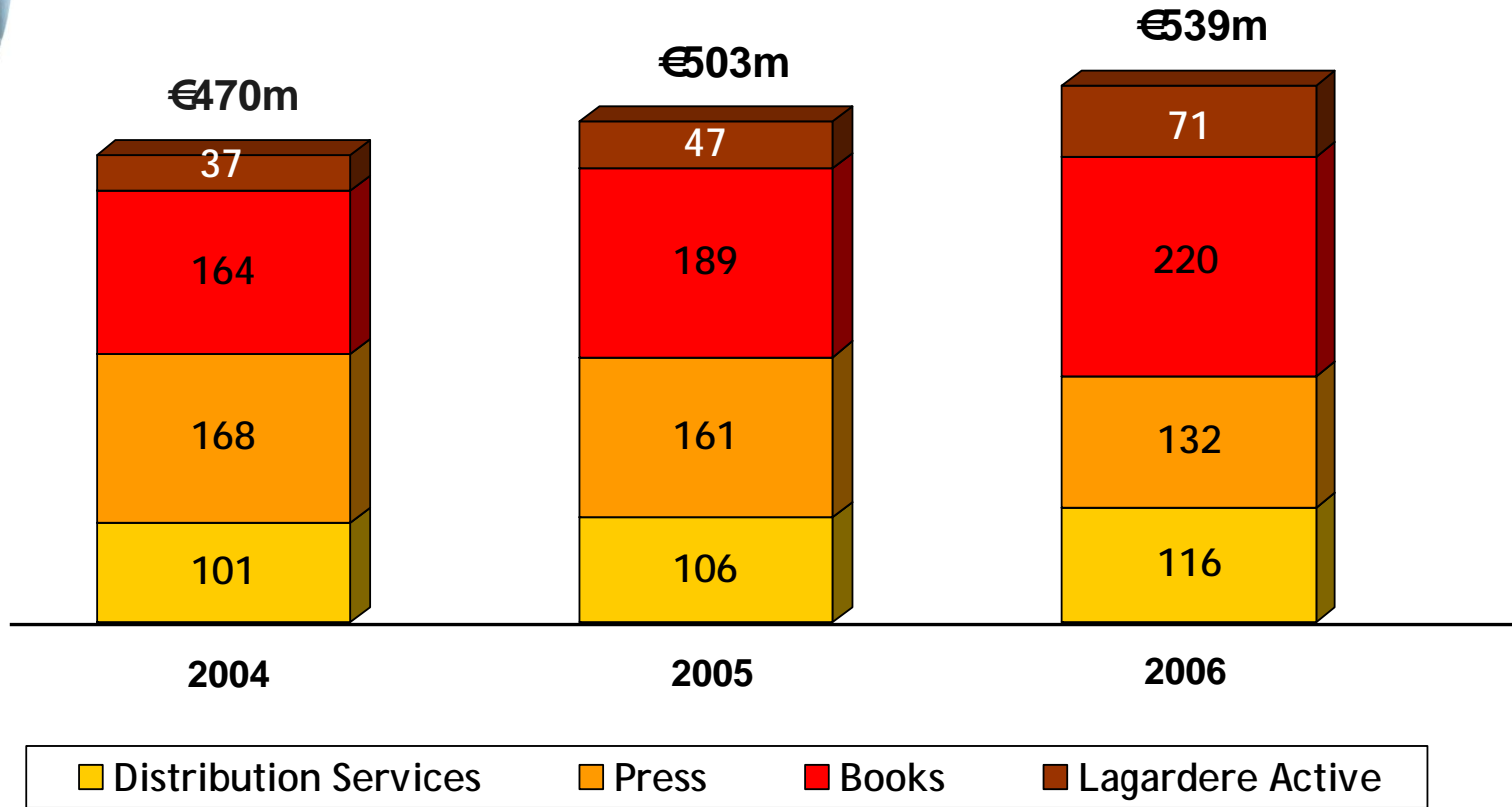
- Recurring EBIT before associates down 35.4%
- Lagardère Media recurring EBIT before associates up 7.0%



Lagardère Media

Recurring EBIT before associates by business segment

2006 Full-Year Results



- 7.0% growth in recurring EBIT before associates

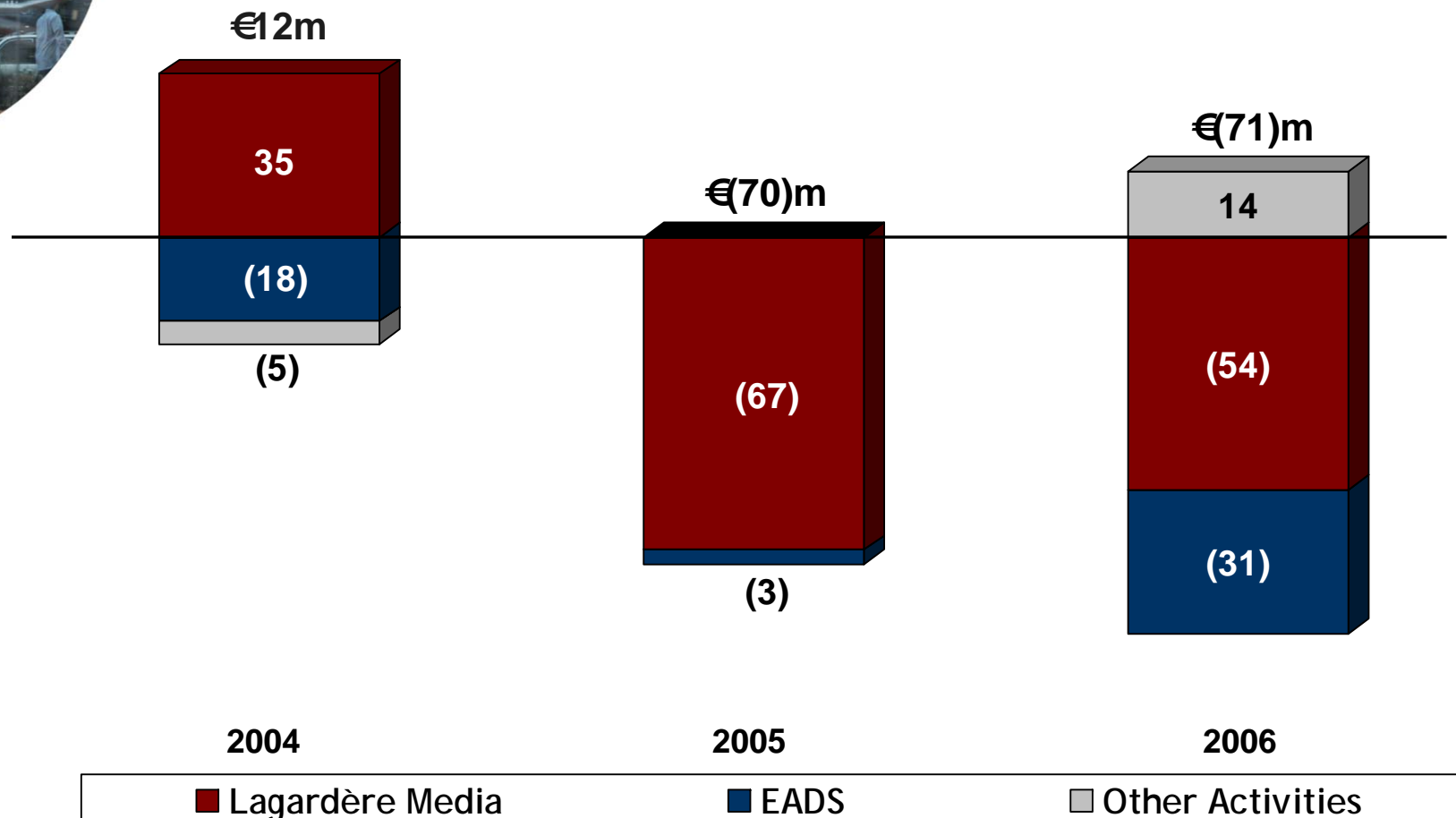
- 4.8% growth after excluding the impact of (i) investment in digital terrestrial TV, (ii) the sale of *Dalloz* and (iii) the acquisition of *Time Warner Book Group*, and based on a constant euro/dollar exchange rate of 1.25.

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Non-recurring items

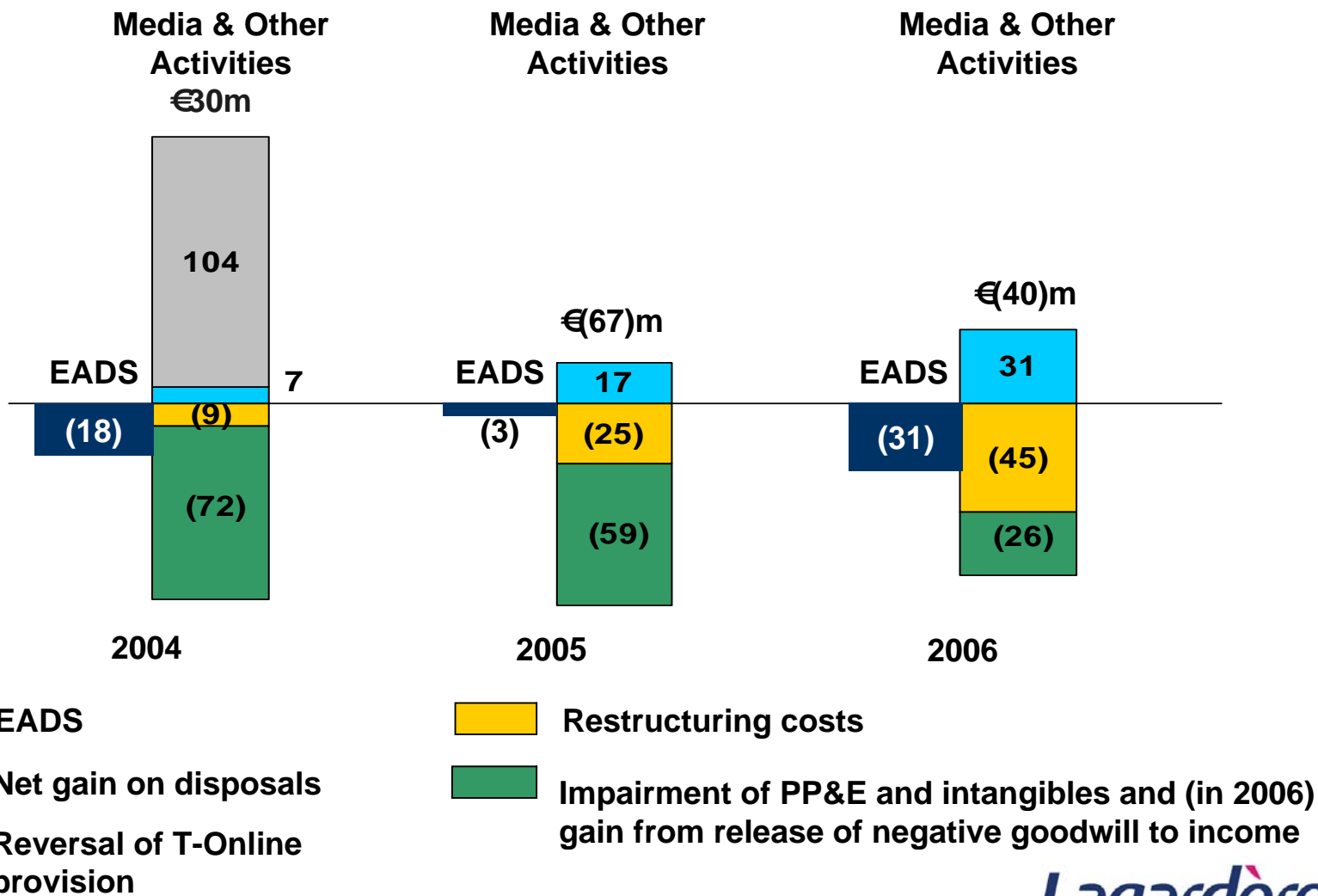
2006 Full-Year Results





Non-recurring items by type

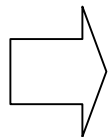
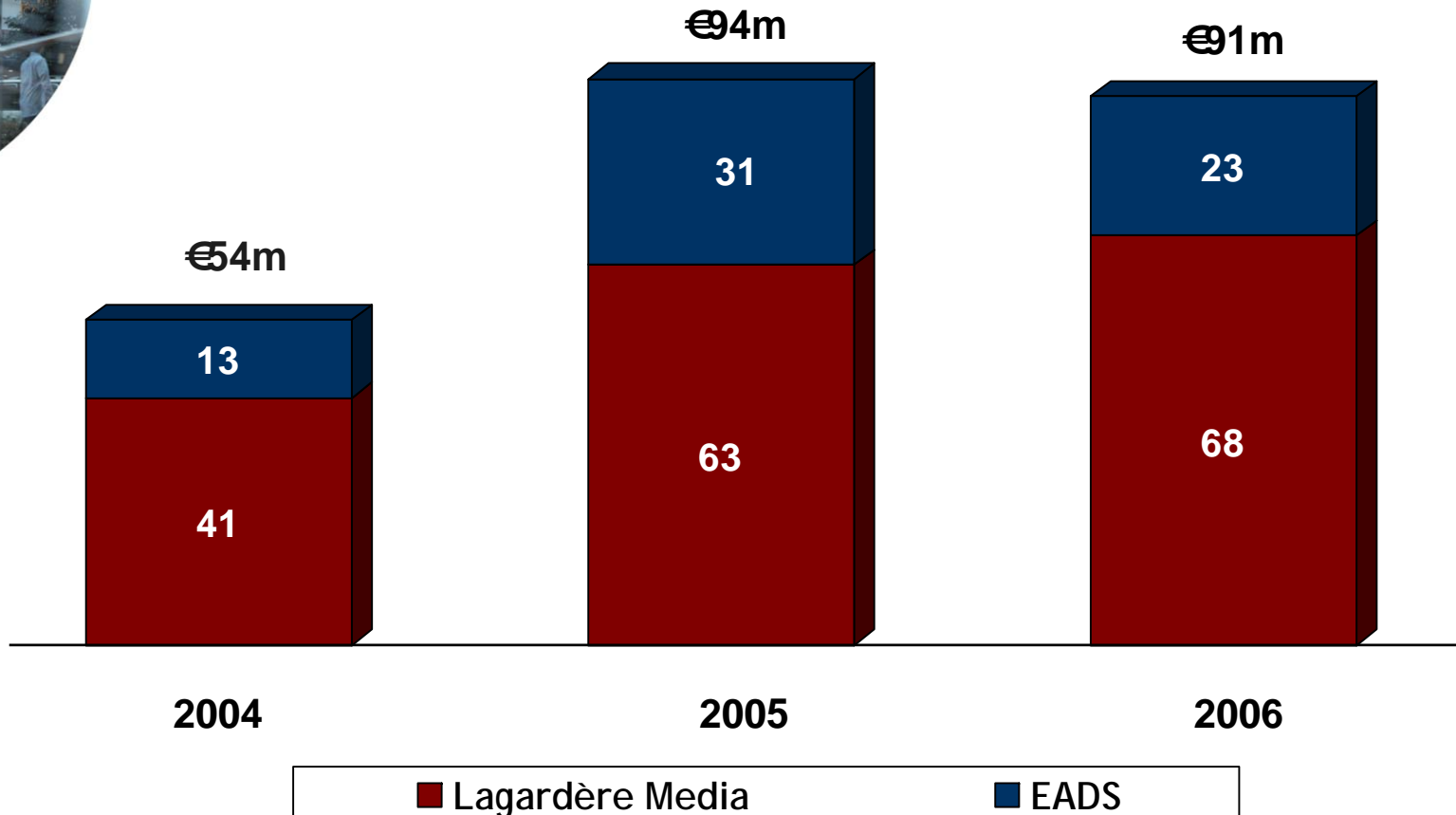
2006 Full-Year Results





Income from associates by division

2006 Full-Year Results

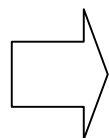
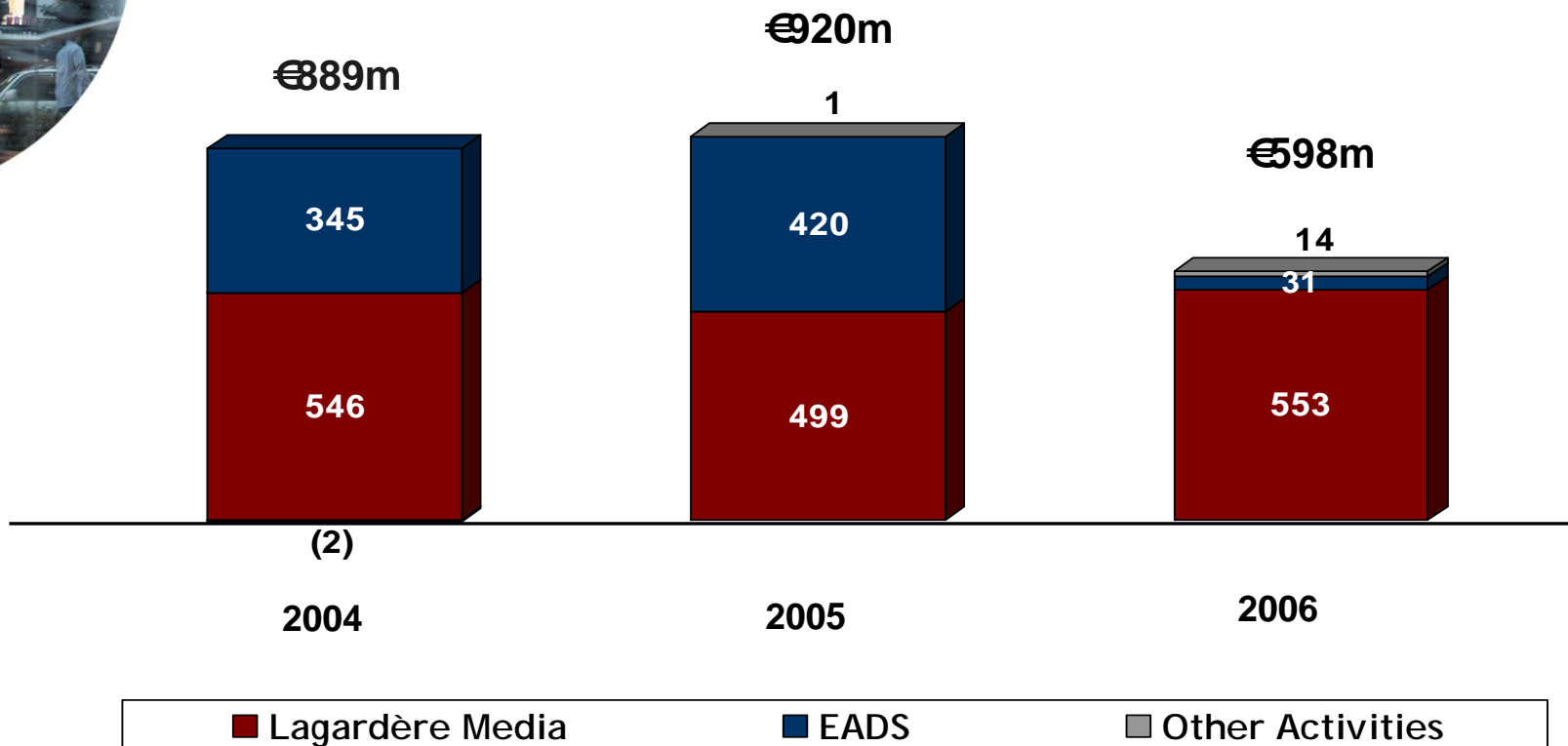


- CanalSat contribution: 2004 €39m, 2005 €45m, 2006 €52m



Earnings before interest & tax (EBIT) by division

2006 Full-Year Results

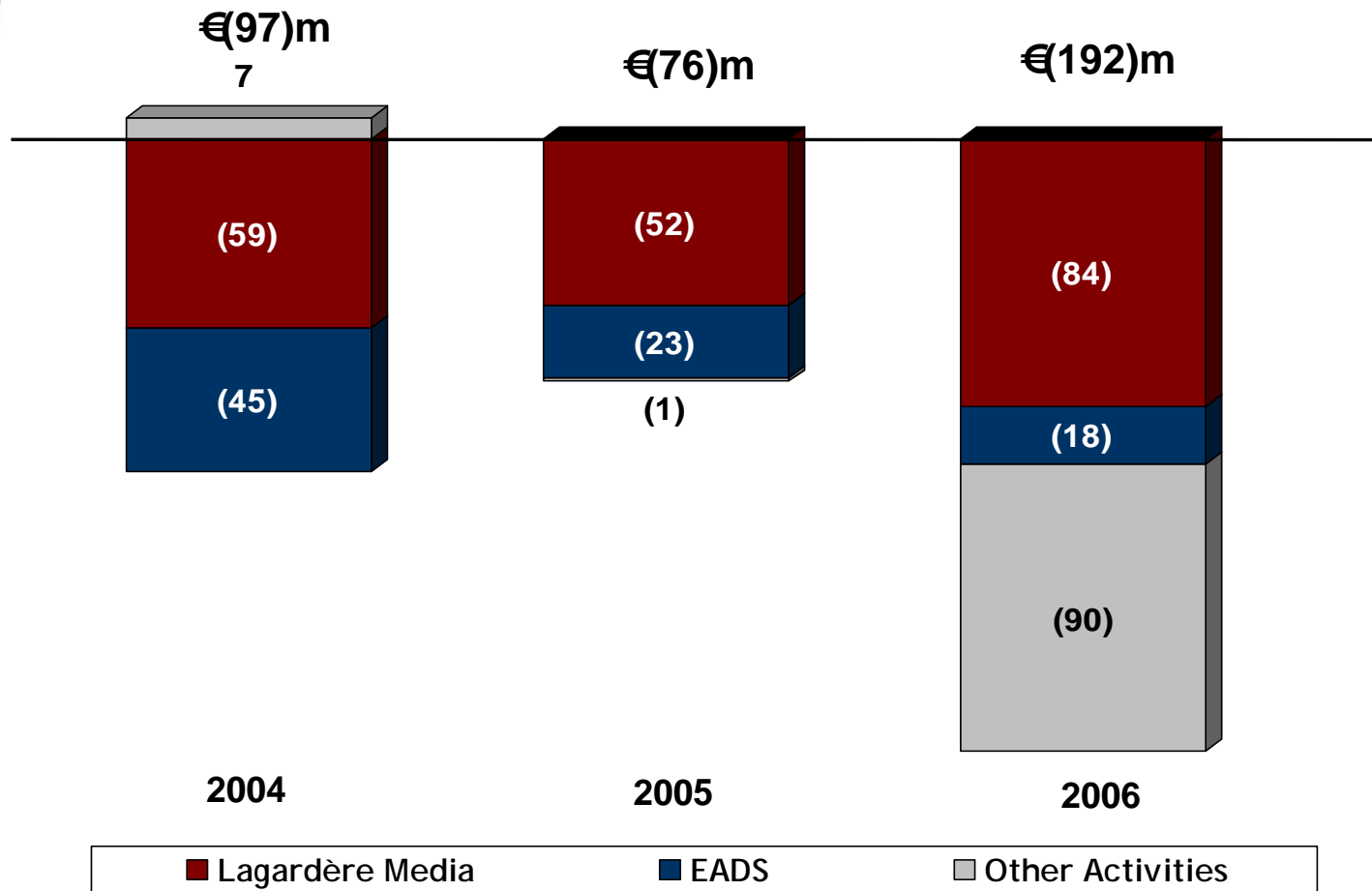


10.8% growth in Lagardère Media EBIT



Net interest income/(expense) by division

2006 Full-Year Results

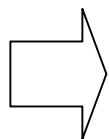
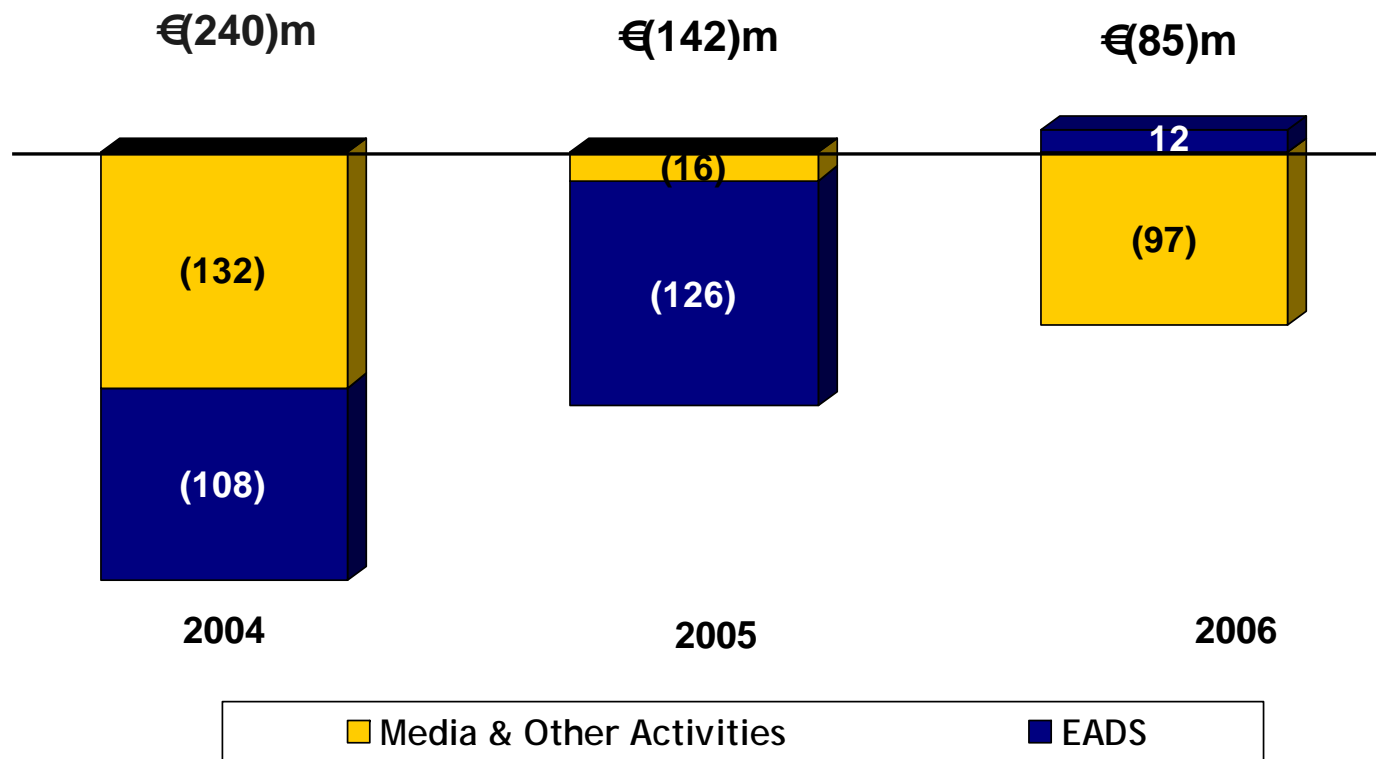


2006 impact of EADS Mandatory Exchangeable Bond in "Other Activities": -€80m



Income taxes

2006 Full-Year Results



- Positive impact of non-recurring items for Media & Other Activities in 2005: +€99m

Consolidated income statement

2006 Full-Year Results

(€m)	2004			2005			2006		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Net sales	7,501	4,795	12,296	7,901	5,112	13,013	8,092	5,907	13,999
EBIT	544	345	889	500	420	920	567	31	598
Net interest expense	(52)	(45)	(97)	(53)	(23)	(76)	(174)	(18)	(192)
Income tax expense	(132)	(108)	(240)	(16)	(126)	(142)	(97)	12	(85)
Net income before minority interests	360	192	552	431	271	702	296	25	321

Net income	335	160	495	404	266	670	268	23	291
Minority interests	25	32	57	27	5	32	28	2	30



Adjusted net income (excluding EADS)

2006 Full-Year Results

(€m)	2005	2006
<u>Net income (excluding EADS)</u>	<u>404</u>	<u>268</u>
Impact of Mandatory Exchangeable Bond issue on interest expense	-	80
Impairment losses on property, plant & equipment and intangibles	55	15
Loss on T-Online/Deutsche Telekom share swap	-	15
Impact of non-recurring tax items	(99)	-
<u>Adjusted net income (excluding EADS)</u>	<u>360</u>	<u>378</u>

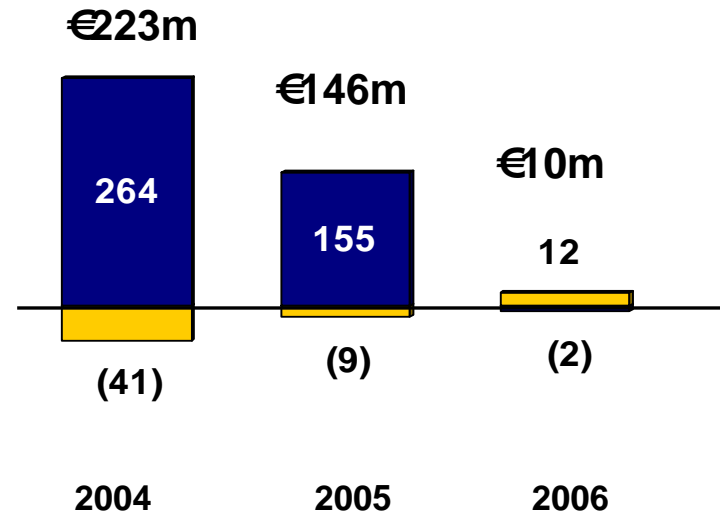
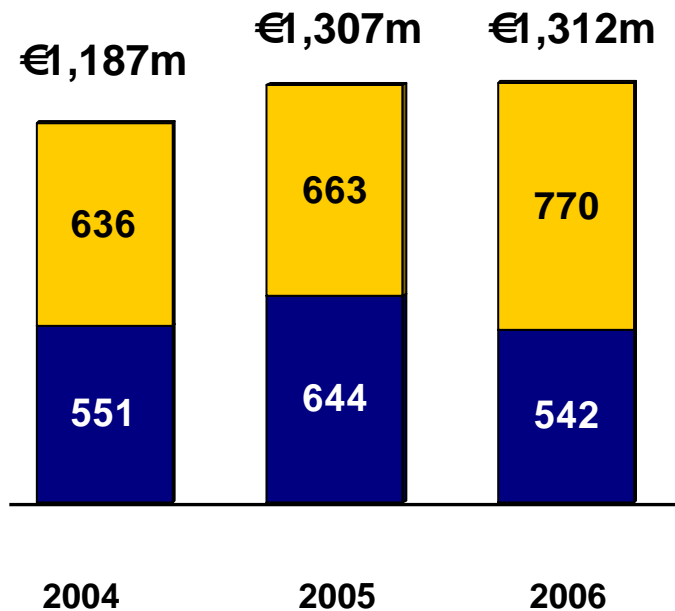


Cash flow from operations

2006 Full-Year Results

Cash flow from operations before interest, taxes and changes in working capital

Changes in working capital



Cash flow statement

2006 Full-Year Results

(€m)	2004			2005			2006		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Cash flow from operations before interest, taxes & changes in working capital	636	551	1,187	663	644	1,307	770	542	1,312
Changes in working capital	(41)	264	223	(9)	155	146	12	(2)	10
Net cash flow from operations	595	815	1,410	654	799	1,453	782	540	1,322
Net interest & taxes paid	(203)	(52)	(255)	(209)	(29)	(238)	(191)	(23)	(214)
Net cash flow from operations after interest and taxes	392	763	1,155	445	770	1,215	591	517	1,108
Investments									
<i>Intangible assets and PP&E</i>	(640)	(681)	(1,321)	(248)	(578)	(826)	(1,255)	(937)	(2,192)
<i>Financial assets</i>	(216)	(554)	(770)	(164)	(427)	(591)	(156)	(428)	(584)
	(424)	(127)	(551)	(84)	(151)	(235)	(1,099)	(509)	(1,608)
Asset disposals	723	112	835	78	176	254	194	308	502
<i>Intangible assets and PP&E</i>	24	17	41	14	53	67	43	147	190
<i>Financial assets</i>	699	95	794	64	123	187	151	161	312
(Purchase)/disposal of short-term investments	(12)	(156)	(168)	582	111	693	5	498	503
Net cash flow: investing activities	71	(725)	(654)	412	(291)	121	(1,056)	(131)	(1,187)
Net cash flow from operating and investing activities	463	38	501	857	479	1,336	(465)	386	(79)

2005 and 2004 cash flows from investing activities for EADS have been reclassified to conform with the presentation used by EADS for 2006.

Lagardère

Consolidated balance sheet

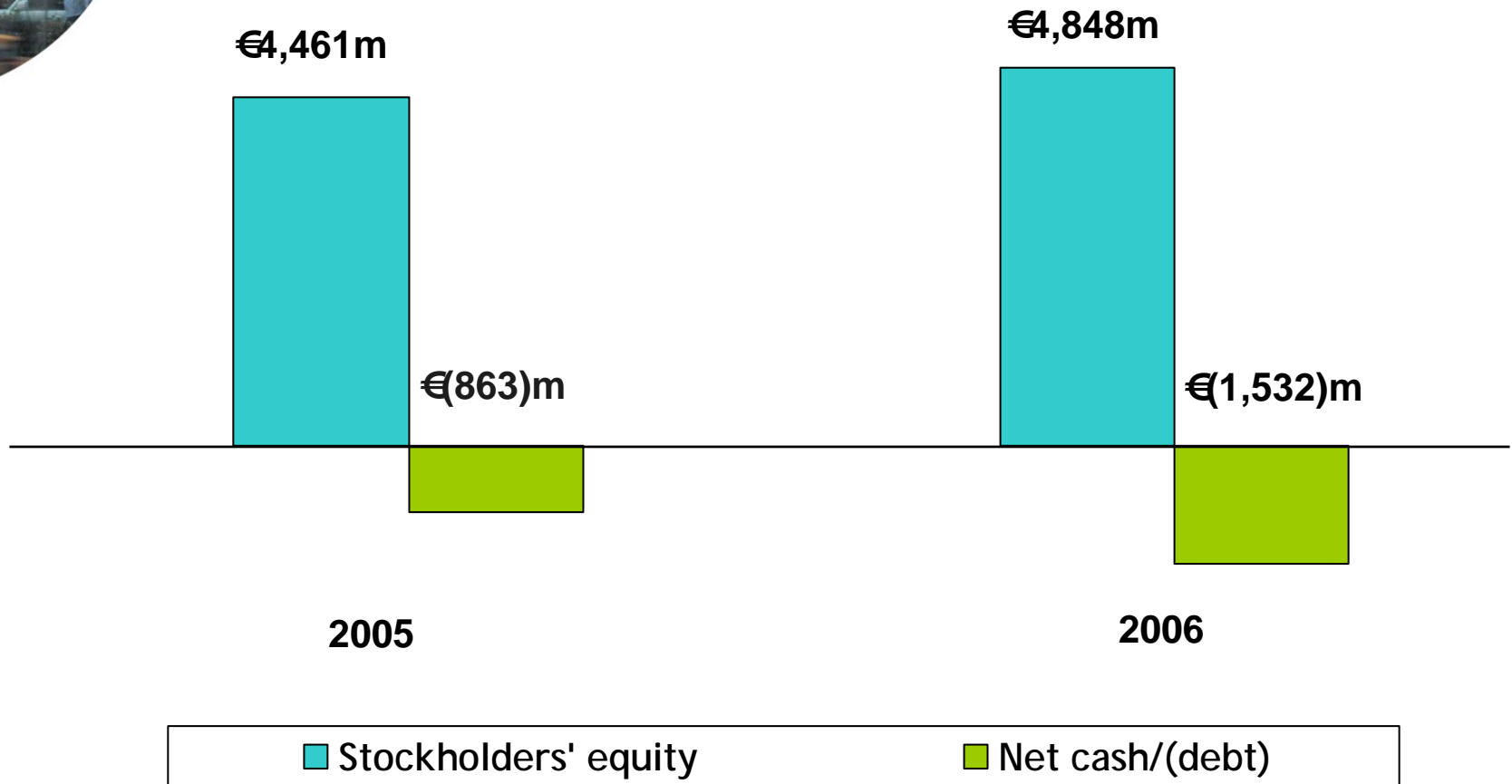
2006 Full-Year Results

(€m)	2005			2006		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Non-current assets	5,802	4,654	10,456	6,461	4,661	11,122
Current assets	3,463	5,070	8,533	4,967	5,291	10,258
<i>of which short-term investments & cash</i>	<i>849</i>	<i>1,498</i>	<i>2,347</i>	<i>1,648</i>	<i>1,353</i>	<i>3,001</i>
TOTAL ASSETS	9,265	9,724	18,989	11,428	9,952	21,380
Stockholders' equity	3,143	1,318	4,461	3,433	1,415	4,848
Non-current liabilities	2,170	3,671	5,841	3,140	3,875	7,015
<i>of which debt</i>	<i>1,280</i>	<i>627</i>	<i>1,907</i>	<i>2,310</i>	<i>534</i>	<i>2,844</i>
Current liabilities	3,952	4,735	8,687	4,855	4,662	9,517
<i>of which debt</i>	<i>644</i>	<i>659</i>	<i>1,303</i>	<i>1,361</i>	<i>328</i>	<i>1,689</i>
TOTAL LIABILITIES & EQUITY	9,265	9,724	18,989	11,428	9,952	21,380



Stockholders' equity and net cash/(debt)

2006 Full-Year Results





Net cash/(debt)

2006 Full-Year Results

(€m)	2005	Change	2006
<u>Net debt</u>	<u>863</u>	<u>669</u>	<u>1,532</u>
EADS net cash	212	279	491
Net debt excluding EADS	1,075	948	2,023



Financial indicators by division & business segment



Net sales by division/business segment

2006 Full-Year Results

(€m)	2004	2005	2006
<i>Books</i>	1,420	1,644	1,975
<i>Press</i>	1,848	1,863	1,848
<i>Distribution Services</i>	3,675	3,773	3,679
<i>Lagardere Active</i>	558	621	590
Lagardère Media	7,501	7,901	8,092
EADS	4,795	5,112	5,907
TOTAL	12,296	13,013	13,999



Recurring EBIT before associates by division/business segment

2006 Full-Year Results

(€m)	2004	2005	2006
<i>Books</i>	164	189	220
<i>Press</i>	168	161	132
<i>Distribution Services</i>	101	106	116
<i>Lagardere Active</i>	37	47	71
Lagardère Media	470	503	539
EADS	350	392	39
Other Activities	3	1	-
Recurring EBIT before associates	823	896	578



Adjusted recurring EBIT before associates

2006 Full-Year Results

Lagardère Media, in €m	2005	2006	%
Recurring EBIT before associates	503	539	+7.0%
Dalloz	-10		
Time Warner Book Group		-33 (net of €3m of corporate costs)	
Investment in Digital Terrestrial TV	+7	+19	
2006 at €/€ rate of 1.25		Unchanged	
Adjusted recurring EBIT before associates	501	525	+4.8%

Lagardère Media – Income statement

2006 Full-Year Results

(€m)	2004	2005	2006
Net sales	7,501	7,901	8,092
Recurring EBIT before associates	470	503	539
Income from associates	41	63	68
Non-recurring items*	35	(67)	(54)
EBIT	546	499	553
Net interest expense**	(59)	(52)	(84)
Net income before tax & minority interests	487	447	469

Operating margin	6.3%	6.4%	6.7%
Operating margin excluding Distribution Services	9.6%	9.6%	9.6%

* Including impact of reversal of T-Online provision in 2004: €104m

** Including impact of loss on T-Online share swap in 2006: -€15m

Lagardère



Lagardere Active Broadcast & Broadband

Net sales and recurring EBIT before associates

2006 Full-Year Results

(€m)	2005				2006			
	Broadcast		Broadband	Lagardere Active	Broadcast		Broadband	Lagardere Active
	Radio	TV			Radio	TV		
Net sales	265	254	102	621	292	222	76	590
Recurring EBIT before associates	46	10*	(9)	47	66	8*	(3)	71

* including impact of Digital Terrestrial Television: 2005 -€7m, 2006 -€19m

Lagardère Media – Cash flow statement

2006 Full-Year Results

(€m)	2004	2005	2006
Cash flow from operations before interest, taxes & changes in working capital	684	662	765
Changes in working capital	41	2	22
Net cash flow from operations	725	664	787
Net interest and taxes paid	(274)	(219)	(291)
Net cash flow from operations after interest & taxes	451	445	496
Investments			
<i>Intangible assets and property, plant & equipment</i>	(624)	(223)	(1,175)
<i>Financial assets</i>	(204)	(161)	(151)
	(420)	(62)	(1,024)
Asset disposals			
<i>Intangible assets and property, plant & equipment</i>	726	65	185
<i>Financial assets</i>	23	14	42
	703	51	143
(Purchase)/Disposal of short-term investments	(13)	582	5
Net cash flow: investing activities	89	424	(985)
Net cash flow from operating and investing activities	540	869	(489)

Lagardère Media - 2006 cash flow statement by business segment

2006 Full-Year Results

(€m)	Books	Press	Distribution Services	Lagardere Active	Lagardère Media
Cash flow from operations before interest, taxes & changes in working capital	247	138	172	208	765
Changes in working capital	34	(38)	19	7	22
Net cash flow from operations	281	100	191	215	787
Net interest and taxes paid	(96)	(69)	(44)	(82)	(291)
Net cash flow from operations after interest & taxes	185	31	147	133	496
Investments	(463)	(84)	(90)	(538)	(1,175)
<i>Intangible assets and PP&E</i>	(29)	(45)	(66)	(11)	(151)
<i>Financial assets</i>	(434)	(39)	(24)	(527)	(1,024)
Asset disposals	153	8	8	16	185
<i>Intangible assets and PP&E</i>	37	2	2	1	42
<i>Financial assets</i>	116	6	6	15	143
(Purchase)/Disposal of ST investments	-	-	5	-	5
Net cash flow: investing activities	(310)	(76)	(77)	(522)	(985)
Net cash flow from operating and investing activities	(125)	(45)	70	(389)	(489)

Lagardère Media - 2005 cash flow statement by business segment

2006 Full-Year Results

(€m)	Books	Press	Distribution Services	Lagardere Active	Lagardère Media
Cash flow from operations before interest, taxes & changes in working capital	216	171	161	114	662
Changes in working capital	13	(28)	2	15	2
Net cash flow from operations	229	143	163	129	664
Net interest and taxes paid	(58)	(72)	(46)	(43)	(219)
Net cash flow from operations after interest & taxes	171	71	117	86	445
Investments	(29)	(46)	(91)	(57)	(223)
<i>Intangible assets and PP&E</i>	(25)	(41)	(72)	(23)	(161)
<i>Financial assets</i>	(4)	(5)	(19)	(34)	(62)
Asset disposals	23	7	7	28	65
<i>Intangible assets and PP&E</i>	7	1	4	2	14
<i>Financial assets</i>	16	6	3	26	51
(Purchase)/Disposal of ST investments	-	-	1	581	582
Net cash flow: investing activities	(6)	(39)	(83)	552	424
Net cash flow from operating and investing activities	165	32	34	638	869



EADS – 2006 restated income statement

2006 Full-Year Results

(€m)	EADS 100% (Lagardère format)	Reclassification of financial items	Adjustment to amortization & impairment of intangibles and actuarial gains / losses	EADS 100% (restated)	Lagardère interest in EADS (14.98%)	Gain/(loss) on dilution & other items	EADS contribution (14.98%)
Net sales	39,434	-	-	39,434	5,907	-	5,907
EBIT	278	(123)	64	219	33	(2)	31
Net interest expense	(244)	123	-	(121)	(18)	-	(18)
Income tax expense	81	-	2	83	12	-	12
Net income before minority interests	115	-	66	181	27	(2)	25
Net income	99	-	67	166	25	(2)	23
Minority interests	16	-	(1)	15	2	-	2



EADS – Income statement

2006 Full-Year Results

(€m)	2004	2005	2006
Net sales	4,795	5,112	5,907
Recurring EBIT before associates	350	392	39
Income from associates	13	31	23
Non-recurring items	(18)	(3)	(31)
EBIT	345	420	31
Net interest expense	(45)	(23)	(18)
Net income before tax & minority interests	300	397	13

EADS - Contribution to Lagardère consolidated cash flow statement

2006 Full-Year Results

(€m)	2004	2005	2006
Cash flow from operations before interest, taxes & changes in working capital	551	644	542
Changes in working capital	264	155	(2)
Net cash flow from operations	815	799	540
Net interest and taxes paid	(52)	(29)	(23)
Net cash flow from operations after interest & taxes	763	770	517
Investments			
<i>Intangible assets & PP&E</i>	(681)	(578)	(937)
<i>Financial assets</i>	(554)	(427)	(428)
	(127)	(151)	(509)
Asset disposals			
<i>Intangible assets & PP&E</i>	112	176	308
<i>Financial assets</i>	17	53	147
	95	123	161
(Purchase)/Disposal of ST investments	(156)	111	498
Net cash flow: investing activities	(725)	(291)	(131)
Net cash flow from operating and investing activities	38	479	386

2005 and 2004 cash flows from investing activities for EADS have been reclassified to conform with the presentation used by EADS for 2006

Lagardère

EADS – Restated balance sheet/contribution to Lagardère consolidated balance sheet

2006 Full-Year Results

(€m)	EADS 100%	Lagardère restatements	EADS 100% (restated)	EADS 14.98% (restated)
Non-current assets	37,156	(6,039)	31,117	4,661
Current assets	34,981	338	35,319	5,291
<i>of which short-term investments & cash</i>	8,692	338	9,030	1,353
TOTAL ASSETS	72,137	(5,701)	66,436	9,952
Stockholders' equity	13,152	(3,708)	9,444	1,415
Non-current liabilities	27,833	(1,965)	25,868	3,875
<i>of which financial debt</i>	3,561	-	3,561	534
Current liabilities	31,152	(28)	31,124	4,662
<i>of which financial debt</i>	2,196	-	2,196	328
TOTAL LIABILITIES & EQUITY	72,137	(5,701)	66,436	9,952



Lagardère – Net profit/(loss): “Other Activities”

2006 Full-Year Results

(€m)	2004	2005	2006
Recurring EBIT	3	1	-
Non-recurring items	(5)	-	14
Net interest income/(expense)	7	(1)	(90)
TOTAL	5	-	(76)



Reconciliation of recurring EBIT before associates to EBIT

Details by division and business segment

Reconciliation of recurring EBIT before associates to EBIT – 2006

2006 Full-Year Results

(€m)	Books	Press	Distribution Services	Lagardere Active	Other Activities	Total excl. EADS	EADS	Total Group
Recurring EBIT before associates	220	132	116	71	-	539	39	578
Impairment losses on goodwill and intangible assets	(1)	(27)	-	(3)	-	(31)	(29)	(60)
Gain from release of negative goodwill to income	-	-	5	-	-	5	-	5
Net gain/(loss) on disposals	4	(2)	8	4	17	31	23	54
Restructuring costs	(3)	(31)	(7)	(1)	(3)	(45)	(25)	(70)
Income from associates	1	16	-	51	-	68	23	91
EBIT	221	88	122	122	14	567	31	598



Reconciliation of recurring EBIT before associates to EBIT – 2005

2006 Full-Year Results

(€m)	Books	Press	Distribution Services	Lagardere Active	Other Activities	Total excl. EADS	EADS	Total Group
Recurring EBIT before associates	189	161	106	47	1	504	392	896
Impairment losses on goodwill and intangible assets	-	(10)	-	(49)	-	(59)	-	(59)
Net gain/(loss) on disposals	6	1	3	7	-	17	6	23
Restructuring costs	-	(21)	-	(4)	-	(25)	(9)	(34)
Income from associates	1	16	-	46	-	63	31	94
EBIT	196	147	109	47	1	500	420	920



Reconciliation of recurring EBIT before associates to EBIT – 2004

2006 Full-Year Results

(€m)	Books	Press	Distribution Services	Lagardere Active	Other Activities	Total excl. EADS	EADS	Total Group
Recurring EBIT before associates	164	168	101	37	3	473	350	823
Impairment losses on goodwill and intangible assets	(1)	(50)	(4)	(17)	-	(72)	-	(72)
Reversal of impairment losses on short-term investments	-	-	-	104	-	104	-	104
Net gain/(loss) on disposals	3	1	2	6	(5)	7	1	8
Restructuring costs	-	(9)	-	-	-	(9)	(19)	(28)
Income from associates	1	12	-	28	-	41	13	54
EBIT	167	122	99	158	(2)	544	345	889



Additional balance sheet information



Lagardère – Debt maturity (excluding EADS)

2006 Full-Year Results

(€m)	< 1 year	1-5 years	> 5 years	Total
Mandatory Exchangeable Bond	744	1,400	-	2,144
Other bond issues	-	294	241	535
Bank borrowings	63	272	10	345
Finance lease obligations	13	51	4	68
Liability arising from commitment to buy out minority interests	31	23	-	54
Other debt	510	3	12	525
TOTAL	1,361	2,043	267	3,671

Short-term investments and cash (excluding EADS): €1,648m



Off balance sheet commitments (excl. EADS)

2006 Full-Year Results

(€m)	2005	2006
Commitments to purchase shares from third parties (other than minority interests)	17	16
Commitments given in connection with ordinary activities:		
- guarantees/performance bonds	47	48
- guarantees in favor of third parties or non-consolidated companies	59	15
Mortgages and pledges of assets	3	2



Proforma 2006 & 2005 consolidated financial statements

(application of equity method to jointly-controlled entities - unaudited)



Impact of change in consolidation method on Lagardère (excluding EADS): 2006

2006 Full-Year Results

(€m)	Proportionate consolidation	Equity method	Impact of change in method
Net sales	8,092	7,910	(182)
Recurring EBIT before associates	539	521	(18)
Income from associates	68	81	13
Net interest expense	(174)	(174)	-
Income tax expense	(97)	(92)	5
Net income	268	268	-
Cash flow from operations before interest, taxes & changes in working capital	770	766	(4)

- unaudited -



Impact of change in consolidation method on Lagardère (excluding EADS): 2006

2006 Full-Year Results

(€m)	Proportionate consolidation	Equity method	Impact of change in method
Investments in associates	1,274	1,309	35
Net debt	(2,023)	(2,045)	(22)

- unaudited -



Impact of change in consolidation method of EADS

2006 Full-Year Results

The individual income statement, balance sheet and cash flow statement items of EADS are no longer consolidated using the proportionate consolidation rate.

Income statement

The share of EADS net income attributable to the Lagardère Group (€23m for 2006) is recorded in *Income from associates*.

Balance sheet

The Lagardère Group's interest in the net assets of EADS (€1,388m at December 31, 2006) is recorded in *Investments in associates*.

Cash flow statement

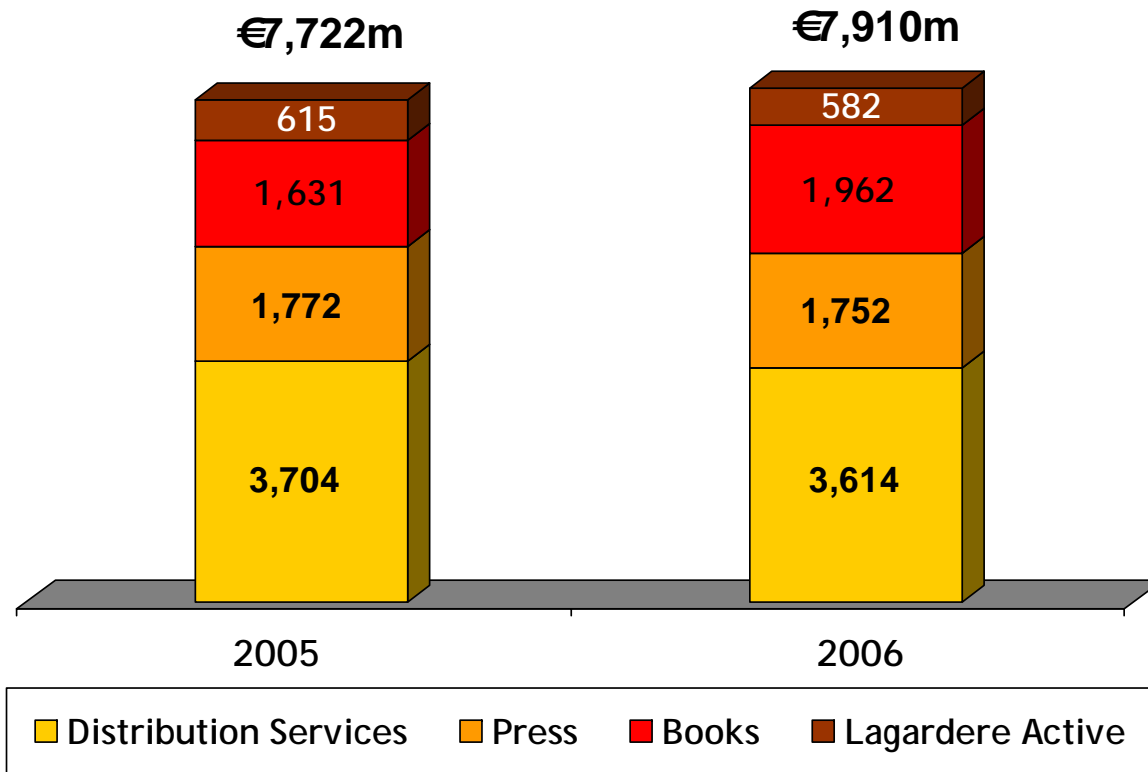
The dividend paid by EADS during the year (€80m for 2006) is included in cash flow from operations before changes in working capital.



Proforma (equity method)

Lagardère Media - Net sales by business segment

2006 Full-Year Results



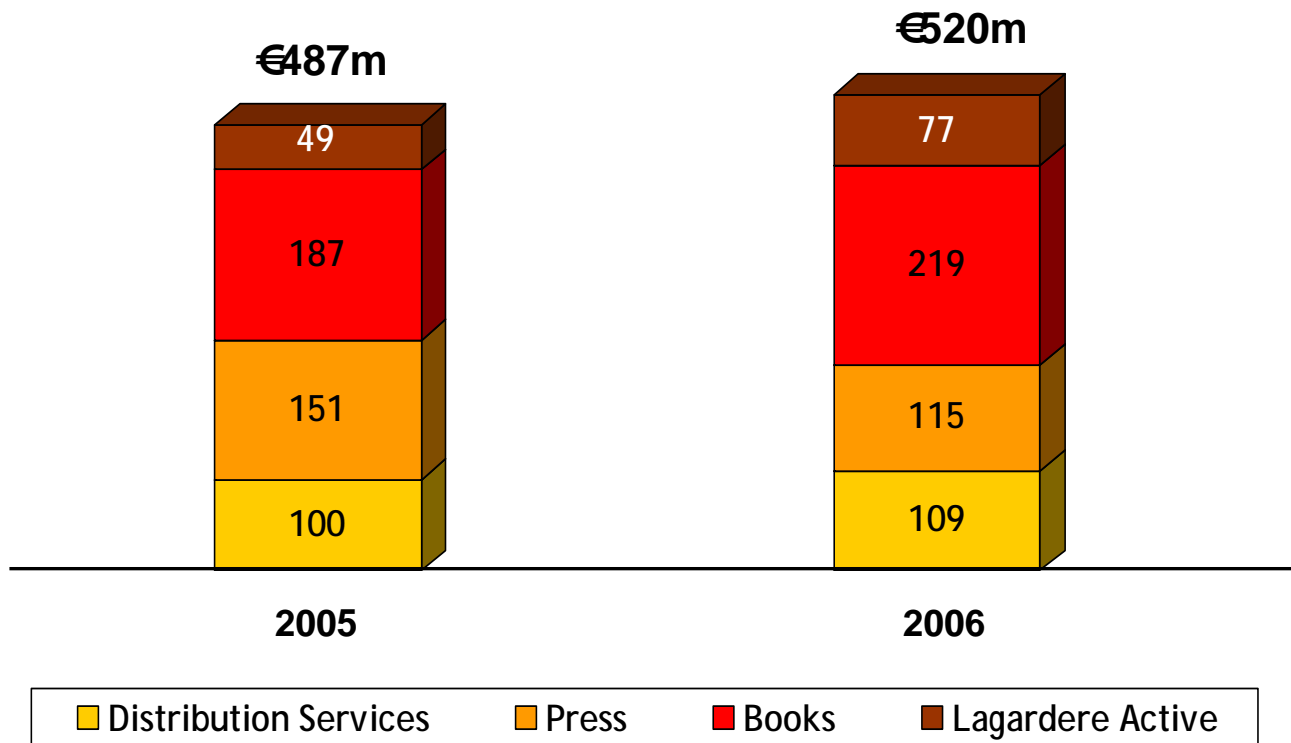
- unaudited -



Pro forma (equity method)

Lagardère Media – Recurring EBIT before associates by business segment

2006 Full-Year Results



- unaudited -

Proforma (equity method)

Consolidated income statement

2006 Full-Year Results

(€m)	2005			2006		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Net sales	7,722	-	7,722	7,910	-	7,910
Recurring EBIT before associates	487	-	487	521	-	521
Income from associates	75	266	341	81	23	104
EBIT	495	266	761	562	23	585
Net interest expense	(53)	-	(53)	(174)	-	(174)
Income tax expense	(11)	-	(11)	(92)	-	(92)
Net income before minority interests	431	266	697	296	23	319

Net income	404	266	670	268	23	291
Minority interests	27	-	27	28	-	28

- unaudited -

Lagardère

Pro forma (equity method)

Cash flow statement

2006 Full-Year Results

(€m)	2005			2006		
	Media & Other Activities	EADS dividend	Total	Media & Other Activities	EADS dividend	Total
Cash flow from operations before interest, taxes & changes in working capital	659	61	720	766	80	846
Changes in working capital	(16)	-	(16)	9	-	9
Net cash flow from operations	643	61	704	775	80	855
Net interest and taxes paid	(204)	-	(204)	(187)	-	(187)
Net cash flow from operations after interest & taxes	439	61	500	588	80	668
Investments	(243)	-	(243)	(1,259)	-	(1,259)
<i>Intangible assets and PP&E</i>	(159)	-	(159)	(154)	-	(154)
<i>Financial assets</i>	(84)	-	(84)	(1,105)	-	(1,105)
Asset disposals	77	-	77	194	-	194
<i>Intangible assets and PP&E</i>	14	-	14	43	-	43
<i>Financial assets</i>	63	-	63	151	-	151
(Purchase)/Disposal of ST investments	583	-	583	5	-	5
Net cash flow: investing activities	417	-	417	(1,060)	-	(1,060)
Net cash flow from operating and investing activities	856	61	917	(472)	80	(392)

- unaudited -

Lagardere

Pro forma (equity method) Consolidated balance sheet

2006 Full-Year Results

(€m)	2005			2006		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Non-current assets	5,808	1,292	7,100	6,471	1,388	7,859
Current assets	3,413	-	3,413	4,914	-	4,914
<i>of which short-term investments & cash</i>	837	-	837	1,633	-	1,633
TOTAL ASSETS	9,221	1,292	10,513	11,385	1,388	12,773
Stockholders' equity	3,143	1,292	4,435	3,433	1,388	4,821
Non-current liabilities	2,161	-	2,161	3,131	-	3,131
<i>of which debt</i>	1,280	-	1,280	2,309	-	2,309
Current liabilities	3,917	-	3,917	4,821	-	4,821
<i>of which debt</i>	648	-	648	1,369	-	1,369
TOTAL LIABILITIES & EQUITY	9,221	1,292	10,513	11,385	1,388	12,773

- unaudited -



Significant Events



Books

2006 Full-Year Results

Overview

■ 2006 performances:

- Net sales: up 1.8% on a like-for-like basis
up 20.1% on a reported basis
- Recurring EBIT before associates: up 16.6%

■ Significant events of 2006:

- Acquisition of Time Warner Book Group in February 2006, giving a balanced spread in the three key language groups (French, English and Spanish)
 - Time Warner Book publishes general fiction, illustrated books, religious works, children's fiction and audio books
 - Major distributor for third-party content producers, such as Microsoft
- Acquisition in March of UK educational publisher Philip Allan Updates



Books

2006 Full-Year Results

France

Literature:

- Healthy sales during 2006
- Lattès still buoyed by the success of Dan Brown
- Fine performances at Fayard and Grasset, driven by bestsellers like Benoîte Groult's *La Touche Étoile*
- Return to growth at Livre de Poche
- Good crop of literary prizes:
 - Prix Médicis: *Une promesse*, by S. Chalandon (Grasset)
 - Prix Interallié: *Marilyn, dernières séances*, by M. Schneider
 - Prix Fémina essai: *Qui dit Je en nous*, by C. Arnaud

■ Education:

- Market share gains for Hachette Éducation and the Alexandre Hatier Group, thanks to growth in school books at primary and especially secondary level

■ Hachette Illustré:

- Sales stable year-on-year
- Success stories: Hachette Pratique, Marabout, and children's books



Books

2006 Full-Year Results

France

■ Larousse:

- Decline in sales
- Remedial measures identified at organizational and editorial levels

■ University and Trade:

- Completion of the sale of Dalloz to Lefebvre Sarrut
- Further growth at Armand Colin, thanks to an attractive editorial program
- Mixed year for Dunod in a declining university market

■ Distribution:

- Successful integration of new publishers (Larousse, Payot Rivages)
- Preparation for the resumption of university distribution business from January 1, 2007

■ Part-works:

- Strategy of rolling out European successes to new emerging markets
- Successful developments in the German, Spanish, Japanese & Latin American markets



Books

2006 Full-Year Results

Spain

- Very fine performance from Anaya in Education
- Transfer of Bruño distribution and back office to Anaya

United Kingdom

- **Literature:** year of strong growth for Hodder Headline after the merger with Watts
- **Education:** Hodder Headline's position strengthened with the acquisition of Philip Allan
- **Illustrated books:** year of reorganization at Octopus

United States

- Hachette Book Group USA beat its targets
- Over 70 titles on the bestseller list

2007 outlook

- Recent acquisitions give scope for synergies
- Expansion in language groups where we are already present: acquisition of Pika in France, in March 2007
- Implementation of an aggressive digital strategy



Press

2006 Full-Year Results

Overview

■ Performances in 2006:

- Net sales: down 1.2% on a like-for-like basis
down 0.8% on a reported basis
- Recurring EBIT before associates: down 18.5%

■ 2006 context:

- Transitional year, with magazine advertising spend flat or declining in some countries and growing influence of internet media
- Rationalization: portfolio of titles and geographical coverage
- Alliances in non-core activities
- Accelerated development in internet media, as part of the new **Lagardère Active Média** digital strategy



Press

2006 Full-Year Results

Magazine Publishing: France

■ Circulation

News-stand sales down on 2005

- Downturn in lads mags; *Maximal* discontinued in July
- Tougher competition in celebrities segment; news segment less buoyant than in 2005. Nevertheless, *Public* recorded further growth
- Downtrend in the TV listings market
- Women's market robust, with good performances by *Parents* and *Elle* in particular

■ Advertising

Slight decline in advertising market.

The decline at HFM reflects decisions to discontinue titles, with a mixed picture by segment

- Fine performances from the flagship weeklies: *Elle*, *Paris Match*, *JDD*
- Excellent growth for *Public*, boosted by strong circulation figures
- Very marked rise for *Psychologies* and home/interiors monthlies
- Substantial fall in advertising revenues for *Entrevue*
- Difficulties for monthlies and magazines targeting special interests in competition with other media



Press

2006 Full-Year Results

Magazine Publishing: International

Trading patterns in many countries affected by growing power of the Internet and by mounting competition for circulation

- **United States:**
 - Discontinuation of titles (*For Me*, *Elle Girl*), slippage in advertising revenues (car books, *Première*) and circulation (*Woman's Day*)
 - Accelerated development of two websites: *Elle* and *Car&Driver*
- **Italy:**
 - Growth in advertising revenues (excluding discontinued titles)
 - Another year of declining circulation
- **Spain:**
 - Advertising revenues up, especially in women's magazines
 - Circulation down in lads, TV and home/interiors magazines
 - Legal ban on TV competitions significantly eroding margins in Telephone Publishing
- **United Kingdom:**
 - Tough conditions in teen market, discontinuation of *B* and *Elle Girl*
 - Women's magazines *Elle* and *Red* bearing up well
- **Japan:**
 - Circulation still under pressure
 - Advertising market stable in 2006
- **Russia/China:**
 - Ongoing development in these high-growth countries
 - Launch at end June 2006 of Chinese version of *Psychologies Magazine*
 - Reinforcement of organizational and support structures



Press

2006 Full-Year Results

Daily press and supplements

- Transitional year for regional dailies:
 - Merger with the Regional Daily Press arm of the Le Monde group under consideration
 - Modernization of newspapers: new formats, new rotary presses at Marseille
 - Pressure on circulation, down 3.3% on average versus 2005
 - Advertising slowdown, more marked on the Côte d'Azur than in Marseille
 - Delivery drivers' strike in Corsica seriously dented results at Corse Presse
- Year of growth for supplements, *Version Femina* and *TV Hebdo*

Other activities

- Further rise in licensing revenues, primarily in Asia
- Agreement to sell the photo agencies finalized in January 2007

2007 outlook

- Further and deeper rationalization of the business mix in 2007:
 - Review of potential magazine closures
 - Possible sale of some international operations
- Policy of relaunches in the most buoyant segments
- Acceleration of the move to digital



Audiovisual

2006 Full-Year Results

Overview

■ Performances in 2006:

- Net sales: down 0.9% on a like-for-like basis
down 5.0% on a reported basis
- Recurring EBIT before associates: up 53.1%

Television

- Net sales down 11.8% on 2005:
 - Production down 14% due to an exceptionally high comparative in 2005
 - Theme channels down 10% following closure of Match TV at end August 2005 and sale of La Chaîne Météo in early July 2006
- Production set for slight growth in revenues in 2007 versus 2006
- Theme channels will again be affected by the development of digital terrestrial TV in 2007



Audiovisual

2006 Full-Year Results

Radio & radio advertising sales houses

- Radio net sales up 6.5% on a like-for-like basis
- Net sales down 1.1% in France
- International radio activities up 23.4% on a like-for-like basis, largely driven by good results in Russia

■ Audience ratings:

- Latest French audience ratings published by Médiamétrie (November-December 2006, 13+ age bracket) compared with the same period of 2005:
 - Europe 1 (audience share 7.5%), falling
 - RFM (audience share 3.9%), rising
 - Europe 2 (audience share 2.9%), stable

■ Radio outlook:

- France: outlook still dependent on an advertising market with poor visibility
- LARI well placed to tap growth in countries where it has operations



Audiovisual

2006 Full-Year Results

New media

- New media net sales 25.0% lower than in 2005
- This fall largely reflects the deconsolidation of Cellfish from October 1, 2006

■ **Cellfish:**

- Formation in early 2006 of Cellfish Media, bringing together mobile activities in the USA (Lagardere Active North America), France (Plurimedia) and Germany (Legion)
- Over 12 months, Cellfish in France and the USA reported 18.0% growth in 2006

■ **Hachette Multimédia:**

- Further decline in the market for CD-Roms (excluding games)
- Sales of Hachette Multimédia's CD-Rom distribution business to Emme at end 2005
- Continued gradual withdrawal from this sector



Distribution Services

2006 Full-Year Results

Overview

■ Performances in 2006:

- Net sales: up 1.9% on a like-for-like basis
down 2.5% on a reported basis
- Recurring EBIT before associates: up 8.4%

■ Market trends:

- Ongoing recovery in air traffic
- Further decline in press and music markets

■ Priorities for development in 2006:

- Reinforcement of traditional retail and e-commerce activities
- Development of new retail concepts
- New and renewed travel retail concessions
- Strengthening positions in Asia/Oceania



Distribution Services

2006 Full-Year Results

Travel retail

Relay

- Slight growth in France (1%), with renewal of the important Eiffel Tower concession
- Mixed picture in the rest of Europe:
 - Substantial growth in Germany: up 9.4%
 - Net sales in Belgium up 1.8%
 - Little change in Switzerland (down 0.5% at constant exchange rates)
 - Tough year in Spain (down 8.2%) due to tobacco legislation
- Further strong growth in Central Europe: up 26%
- Slight drop in net sales from retail activities in North America at constant exchange rates, despite the upturn in air traffic in the region
- Very strong growth in Asia/Oceania net sales: up 57% (non-comparable structure basis)

■ Aelia

- Strong growth of 8% in sales, driven by:
 - Growth in traffic at Paris airports
 - New concessions, including Marseille and Roissy T3
 - Build-up in sales from recent developments in the UK (Luton & Belfast airports)



Distribution Services

2006 Full-Year Results

Music/Books/Video retailing

The 33 Virgin stores and 12 Furet du Nord stores reported a 2.7% decline in net sales compared with 2005

■ Virgin

- Books were still the leading product in Virgin stores (28.3% of sales), ahead of music (27.8%) and video (22%)
- The Virgin brand is continuing its push into travel retail and now has
 - 3 outlets in railway stations
 - 10 outlets in airports
- The Virgin Megastore chain was boosted by strong growth in franchising activities

■ VirginMega.fr

- Online music site with nearly 7 million pay-to-download transactions
- 1.5 million title catalogue, French no.2 in this segment

■ Librairie Payot

- Sales virtually unchanged in 2006 (down 0.2% at constant exchange rates)



Distribution Services

2006 Full-Year Results

Press Distribution

- 2006 saw a downturn in all press distribution activities
- Spain: the distribution business reported a 4.5% decline in sales
- Belgium: consolidated net sales were down 4.8% on a comparable basis
- Switzerland: press sales fell by 4.5%, but the effect was offset by non-press activities
- Hungary: sales were up by a substantial 15.5% at constant exchange rates
- United States: consolidated net sales fell by 7.1%
- In early 2006, HDS sold its stake in the German distribution company Saarbach

Outlook

- Outlook dependent on future trends in airport footfall
- HDS intends to maintain steady growth in its core businesses by penetrating new markets, either through organic growth or acquisitions
- In retail, the objectives are:
 - further expansion of operations in Asia/Oceania and Central Europe
 - development of specialist sales outlets