Press release

2007 ANNUAL RESULTS

Recurring EBIT before associates(1)

- **up 22% at €636m in 2007**
- **up 10.4% based on criteria used for 2007 guidance**

Paris, March 12, 2008 – The Supervisory Board, at its meeting of March 12, 2008, reviewed the consolidated financial statements of **LAGARDERE SCA** for the year ended December 31, 2007, as presented by Arnaud Lagardère, General Partner, and Philippe Camus and Pierre Leroy, co-Managing Partners.

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 contribution of these entities (mainly EADS) to revenues and EBIT is no longer consolidated by Lagardère.
This method has been retrospectively applied to the 2006 comparatives presented.

Key figures for the year ended December 31, 2007:

- Net sales: solid growth of 8.5% to €8,582m (up 3.3% on a like-for-like basis).

- Strong growth of 22% in recurring EBIT before associates to €636m, and 10.4% growth for the Media division (excluding Lagardère Sports, and at a constant euro/dollar rate of 1.30).

- Positive contribution of €211m from non-recurring/non-operating items (vs. a negative contribution of €40m in 2006). The 2007 figure mainly comprises a €472m gain arising on the sale of a 2.5% interest in EADS, less €203m of impairment losses on some Media division assets.

- Increase in net interest expense to €204m (vs. €174m in 2006), mainly as a result of Lagardère's acquisitions policy (20% of Canal+ France, Newsweb in late 2006; Sportfive, Jumpstart, Nextedia and other businesses in 2007) and share buybacks.

- Strong growth in net income to €534m (vs. €291m in 2006). Excluding the contribution from EADS, and after stripping out non-recurring/non-operating items and the effect on net interest expense of the Mandatory Exchangeable Bond(2), adjusted net income was €361m (vs. €389m in 2006). Adjusted earnings per share was down slightly (by 3.2%) at €2.70, due mainly to an increase in interest expense (some of which was not immediately tax-deductible) arising from the financing of the acquisitions made in 2007 and from a lower contribution from Canal+ France (as compared with the CanalSat contribution in 2006).

- Net debt of €2,570m, against €2,045m as of December 31, 2006. This reflects the financing of acquisitions (including Sportfive, Jumpstart and Nextedia) and share buybacks (€337m), partly offset by the redemption of the first tranche of the Mandatory Exchangeable Bond and by healthy cash flows from operating activities.

- Proposed dividend of €1.30 per share to be paid out of 2007 earnings (compared with €1.20 paid out of 2006 earnings), demonstrating management's confidence in our medium-term outlook.

(1) *excluding changes in Group structure and the effects of exchange rates.*
(2) *Exchangeable for EADS shares*

CONSOLIDATED NET SALES

Consolidated net sales for the year ended December 31, 2007 were €8,582m (vs. €7,910m in 2006), an increase of 8.5% on a reported basis and 3.3% on a like-for-like basis.

Lagardère Publishing (formerly the Books division) – Fine full-year performance, with sales up 4.7% on a like-for-like basis and 8.6% on a reported basis at €2,130m. Growth was driven primarily by operations in the United States and in Spain (where Education performed well). Sales of bestsellers in the United Kingdom and France accelerated sharply in the latter part of the year.

Lagardère Active (formerly the Press and Lagardère Active divisions) – Satisfactory performance in a tough environment. Sales advanced by 1.7% in 2007 on a like-for-like basis, but fell by 1.8% on a reported basis to €2,291m. This slight decline reflects the change to equity accounting for Cellfish (€74m of revenues to end September 2006, when Cellfish ceased to be fully consolidated), and adverse currency effects (€49m over the year as a whole).

Press: Magazine sales were up 1.3% on a like-for-like basis at €1,782m. The weakness of the lads' mags segment, a decline in advertising in France and the closure of unprofitable magazines (negative impact of €31m over the full year) were offset by the strength of the core business, especially women's and celebrity magazines.

Radio and Television: Revenues rose by 2.9% on a like-for-like basis. A negative performance by radio in France, hit by major retailers switching their advertising budgets to television and by tough trading conditions, was compensated for by very strong growth in international radio (which contributed 42% of 2007 radio revenues). TV production was flat (down 0.2% year on year), while theme channels were lifted by a boom in DTT sales that made up for a more difficult situation in cable and satellite. Overall, theme channels posted full-year revenue growth of 3.0%.

Digital revenues rose sharply during the year, contributing 3.1% of Lagardère Active net sales in 2007 compared with approximately 1% in 2006.

Lagardère Services (formerly the Distribution Services division) – Satisfactory like-for-like sales growth of 3.5% over the full year to €3,721m (up 2.9% on a reported basis). Growth was spread evenly across all segments, with particularly dynamic contributions from Eastern Europe, Aelia, and duty-free sales in the Asia-Pacific region.

Lagardère Sports (Sportfive, Newsweb and IEC) – This division (not consolidated in 2006) reported full-year net sales of €440m, 11.8% up on the 2006 pro forma comparative (which excludes IEC). Highlights of the year included a large number of international soccer matches (including Euro 2008 qualifiers) and the World Handball Cup.

RECURRING EBIT BEFORE ASSOCIATES

The **Lagardère Group** generated recurring EBIT before associates of €636m in 2007, an increase of 22% on the 2006 figure of €521m.

The **Media** division reported 2007 recurring EBIT before associates of €636m, 22% up on 2006. Excluding Lagardère Sports (recurring EBIT before associates: €67m), which was not consolidated in 2006, the division made a contribution of €569m, up 9.4%. Excluding Lagardère Sports and at a constant euro/dollar rate of 1.30 (the criteria used in our 2007 guidance), recurring EBIT before associates was up 10.4% at €574.5m.

Lagardère Publishing recorded a fine performance, with recurring EBIT before associates up 9.4% (operating margin: 11.2%). All operating segments contributed to growth. France had a good year, thanks largely to Education and Larousse, which benefited from the remedial measures taken in 2006. The United States (strong performance by bestsellers) and Spain (good year in Education) also stood out.

Lagardère Active [3] achieved solid growth in a tough environment, raising recurring EBIT before associates by 10.8% to €214m. Operating margin was 9.3%, compared with 8.3% in 2006.
The Press business reported an 18.4% rise in recurring EBIT before associates, from €115m in 2006 to €137m. Operating margin increased from 6.6% to 7.7%. Despite difficult market conditions, the first effects of the recovery plan were seen in foreign operations. The United States, Italy, the United Kingdom and Spain all

[3] *Before amortization of acquisition-related intangible assets*

contributed significantly to the improvement in recurring EBIT before associates, offsetting the decline in France. Emerging markets also reported sizeable growth.
Radio posted a slight decline in recurring EBIT before associates of 4.3% to €62m, mainly due to a lower contribution from France, where market conditions deteriorated during the year.
The contribution from TV activities was also down at €13m, compared with €16m in 2006. The Production & Distribution business had a flat year, and (like the Radio business) recognized some of the charges relating to the Active 2009 cost-saving plan.
Nevertheless, Broadcast & Broadband activities recorded an overall margin improvement of 1.9% thanks to the improving situation in Broadband, which made a positive contribution of €2m to recurring EBIT before associates (compared with a €4m loss in 2006).

Lagardère Services reported recurring EBIT before associates of €116m, up 7% on 2006. In France, Relay and Aelia had a very good year, offsetting a sizeable fall in the contribution from Virgin Stores. Internationally, the Asia-Pacific region, as expected, contributed significantly to growth. In Europe, Spain had a good year (despite weakness in distribution), as did most Eastern European countries. Overall operating margin was 3.1%. The contribution from Virgin Stores (held for sale at December 31, 2007, but fully consolidated over the whole of 2007) was a €1.6m loss on sales of €397m. Excluding Virgin Stores, operating margin was 3.5%.

Lagardère Sports[4] generated recurring EBIT before associates[(5)] of €67m in the year ended December 31, 2007 (operating margin: 15.2%), mainly reflecting the strong contribution from soccer internationals in 2007.

Other activities broke even in terms of recurring EBIT before associates, compared with a €1m profit in 2006. In 2007, this line included a gain from the positive outcome of past litigation relating to the former Matra transport business, cancelled out by a fall in the NMPP royalty and by the structural downtrend in the contribution from the spare parts business.

NON-RECURRING/NON-OPERATING ITEMS

Non-recurring and non-operating items represented a net gain of €211m, versus a net loss of €40m in 2006. The main components of this figure were:

- €203m of impairment losses, of which €95m related to Virgin Stores and €83m to Lagardère Active (mainly on some American press titles).
- €92m of restructuring costs, mainly in Magazines (€78m) and Audiovisual (€10m).
- €59m of amortization charged against acquisition-related intangible assets (Canal+ France, Sportfive, IEC and Jumpstart).
- €93m of gains on various disposals (including the regional daily press business, Hachette Filipacchi Sweden and Teva).
- a €472m gain on the disposal of part of the holding in EADS (around 2.5% of the capital).

CONTRIBUTION FROM ASSOCIATES

The share of net income from associates was €20m[(4)], versus €104m in the year ended December 31, 2006.

The main reason for this fall was the contribution from EADS, which went from a profit of €23m in 2006 to a loss of €44m in 2007 due to expenditure incurred on the launch of the A350, exceptional charges relating to the A400M, and costs associated with the Power 8 plan and the A380 program.

Excluding EADS, income from associates was €64m, compared with €81m in 2006. The main factor was the replacement of the contribution from CanalSat (€52m in 2006) by Lagardère's 20% share in the profits of Canal+ France (€30m). The weak results at Canal+ France were mainly due to non-recurring costs incurred on the merger of the TPS and CanalSat platforms.

Earnings before interest and taxes (EBIT) rose by 48% to €867m.

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4 *Before amortization of acquisition-related intangible assets*

NET INTEREST EXPENSE

Net interest expense in the year ended December 31, 2007 was €204m, versus €174m in the previous year. This amount comprises:

- €145m for the Media division (2006: €84m), the increase being mainly due not only to higher interest rates but also to the impact of acquisitions made in late 2006 (the interest in Canal+ France, and Newsweb) and in 2007 (primarily Sportfive, Jumpstart and Nextedia);
- €59m for Other Activities (2006: €90m), mainly comprising:
  - a full year's interest of €47m on the Mandatory Exchangeable Bond, down from the 2006 figure of €80m, largely as a result of the reduced cost of the bond;
  - the impact of the share buyback program, which gathered pace from July 2006.

INCOME TAX EXPENSE

Income tax expense for the year was €99m, versus €92m in 2006. This slight rise reflects contrasting factors:

- Recurring net income before tax (including the contribution from associates) rose by €37m in 2007.
- A significant portion of this increase in profits was from companies that are not included in the group tax election, and hence are liable to tax. As in 2006, the companies that are included in the group tax election continued to benefit from tax loss carry-forwards. The overall effect was a higher effective tax rate on recurring profits in 2007 (31.7%) than in 2006 (24%).
- Non-recurring and non-operating items mainly comprise long-term capital gains (taxed at very low rates), and restructuring costs and impairment losses that do not generate immediate tax savings.

MINORITY INTERESTS in net income for the year were €30m, versus €28m in 2006.

As a result of the factors described above, **NET INCOME** for the year ended December 31, 2007 amounted to **€534m**, compared with €291m for the year ended December 31, 2006**.**

€ million	Year ended December 31, 2006			Year ended December 31, 2007		
	Media Division	**Other Activities & EADS**	**Total Lagardère Group**	**Media Division**	**Other Activities & EADS**	**Total Lagardère Group**
Net sales	**7,910**		**7,910**	**8,582**		**8,582**
Recurring EBIT before associates [(5)]	**520**	**1**	**521**	**636**		**636**
Non-recurring/non-operating items	(54)	14	(40)	(260)	471	211
Income from associates	81	23	104	64	(44)	20
EBIT	**547**	**38**	**585**	**440**	**427**	**867**
Net interest expense	(84)	(90)	(174)	(145)	(59)	(204)
Income tax expense	(165)	73	(92)	(114)	15	(99)
Net income before minorities	**298**	**21**	**319**	**181**	**383**	**564**
Minority interests	28		28	30		30
Net income	**270**	**21**	**291**	**151**	**383**	**534**

(5) Before amortization of acquisition-related intangible assets

ADJUSTED NET INCOME (EXCLUDING EQUITY-ACCOUNTED CONTRIBUTION FROM EADS)

Adjusted net income, calculated as shown below, totaled €361m in 2007, lower than the 2006 figure (€389m). Adjusted earnings per share (taking account of the full effect of share buybacks) was down 3.2% at €2.70. This slight fall was due to four factors:

- A reduction in income from associates due to a lower contribution from CanalSat.
- Higher income tax expense on recurring items.
- The impact of interest expense generated by share buybacks.
- The increase in recurring EBIT before associates, partly offset by interest expense related to acquisitions.

(€ million) year ended:	**December 31, 2006**	**December 31, 2007**
Net income	**291**	**534**
Equity-accounted contribution from EADS	(23)	44
Amortization of acquisition-related intangible assets, net of taxes		45
Net income excluding EADS, before amortization of acquisition-related intangible assets	**268**	**623**
Restructuring costs, net of taxes	42	80
Net gain on disposals and other items, net of taxes	(31)	(564)
Impairment losses on goodwill and intangible assets, net of taxes	15	175
Impact of Mandatory Exchangeable Bond on interest expense (net of interest income calculated at market rates)	80	47
Loss on T-Online/Deutsche Telekom share exchange, net of taxes	15	
Adjusted net income excluding EADS	**389**	**361**

NET CASH USED IN OPERATING AND INVESTING ACTIVITIES

The net cash outflow for the year (the sum total of cash generated by operating activities and cash used in investing activities) improved from €392m in 2006 to €56m in 2007.

Cash generated by operating activities in the year ended December 31, 2007 was €429m. Although this was lower than the 2006 figure of €668m, it is nonetheless a creditable performance. The main trends were:

- A tough comparative year, including a one-off contribution from CanalSat (€102.1m) paid in 2006; in 2007, Canal+ France did not pay a dividend. In addition, EADS paid no dividend in 2007 (€80m in 2006).
- After stripping out these factors, there was healthy growth in cash flow from operations, bolstered by stronger operating performances and the full-year contribution from Sportfive which offset the higher level of restructuring costs associated with the Active 09 plan.
- The level of investment in acquisitions and share buybacks, which increased the amount of interest expense generated by acquisition debt.
- Interest payments on the Mandatory Exchangeable Bond, which accompanied the gradual divestment of the interest in EADS, the upside of which was the collection of €664m in sale proceeds (see below).

Net cash used in investing activities was €485m in 2007, versus €1,060m in 2006. The main trends were:

- Investments in property, plant and equipment and intangible assets (net of disposals) rose from €111m in 2006 to €194m in 2007, mainly due to the consolidation of Sportfive over the full year and the opening of some new sales outlets at Aelia. The 2006 comparative was unusually low.
- Acquisitions of financial assets also increased, from €1,105m in 2006 to €1,162m in 2007. The 2007 figure includes the acquisitions of Sportfive (€859m), Jumpstart (€61m), IEC (€39m) and Nextedia (€48m).
- These two factors were more than offset by the €857m proceeds from disposals made in 2007, primarily the sale of EADS shares (€664m) and the divestment of the regional daily press business (€135m). In 2006, proceeds from disposals amounted to only €151m (mainly on the sale of Dalloz).

DEBT

As of December 31, 2007, net debt stood at €2,570m, higher than the figure recorded at the previous year-end (€2,045m). The year-on-year increase reflected the following factors:

- A net cash outflow of €56m on operating and investing activities in 2007 (see section above).
- The impact of share buybacks during the period (€337m).
- The dividend payout of €181m.
- A reduction of €14m in short-term investments.
- Non-cash adjustments reducing the carrying amount of debt (effect: €63m) were not enough to compensate for these negative effects.

DIVIDEND

The Managing Partners will ask the General Meeting of the Shareholders to approve a dividend of €1.30 per share, compared with the €1.20 dividend paid out of 2006 earnings. This proposal reflects the company's sound financial health and confidence in its future performances.

The Lagardère Group is a world market leader in the media sector (books, press, audiovisual, distribution of cultural and entertainment products, and sports rights). The Group also owns a 12.51% stake in EADS.
Lagardère shares are listed in Paris on Eurolist by Euronext – Compartment A.

Press Contacts

Thierry Funck-Brentano	tel. +33 (0)1 40 69 16 34	e-mail: tfb@lagardere.fr
Ramzi Khiroun	tel. +33 (0)1 40 69 16 33	e-mail: rk@lagardere.fr

Investor Relations Contact

Laurent Carozzi	tel. +33 (0)1 40 69 18 02	e-mail: lcarozzi@lagardere.fr