

Lagardère

Analyst Meeting

March 12, 2008



Safe Harbor Statement

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 the Company's 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 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 against Company targets, new products and services, current and future markets for the Company products 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 risk (including, without limitation, certain market risks) related to the Company's businesses
- Certain risks related to the media industry (including, without limitation, technological risks)
- The cyclical nature of some of the Company's businesses

Please refer to Lagardère SCA's Annual Report for the year ended December 31, 2006, for a description of certain important factors, risks and uncertainties that may affect Lagardère SCA's business.

The Company disclaims any intention or obligation to update the forward-looking statements. Consequently the Company is not responsible for any consequences from using any of the above statements.

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Key figures

Key figures

- **Net sales up 8.5% at €8,582m (vs. €7,910m in 2006)**
 - Like-for-like growth of 3.3%
- **Recurring EBIT before associates:**
 - Up 22% at €636m (vs. €521m in 2006)
 - 10.4% growth based on the parameters used in guidance issued to the market (i.e. Lagardère Media excluding Sports and a euro/dollar exchange rate of 1.30)
- **Net income: €534m (vs. €291m in 2006), or €578m excluding the equity-accounted contribution from EADS (vs. €268m in 2006)**
 - Adjusted net income excluding EADS: €361m (vs. €389m in 2006)
- **Earnings per share:**
 - Basic: €4.03 (€2.13 in 2006)
 - Diluted: €3.99 (€2.09 in 2006)
- **Free Cash Flow*:**
 - €235m (vs. €557m in 2006)

** Sum total of net cash generated by operating activities and net acquisitions of property, plant and equipment and intangible assets*



Financial indicators by division

Lagardère Publishing

**Changes in
scope of
consolidation**

Acquisition of the publisher *Pika*, fully consolidated from April 1, 2007

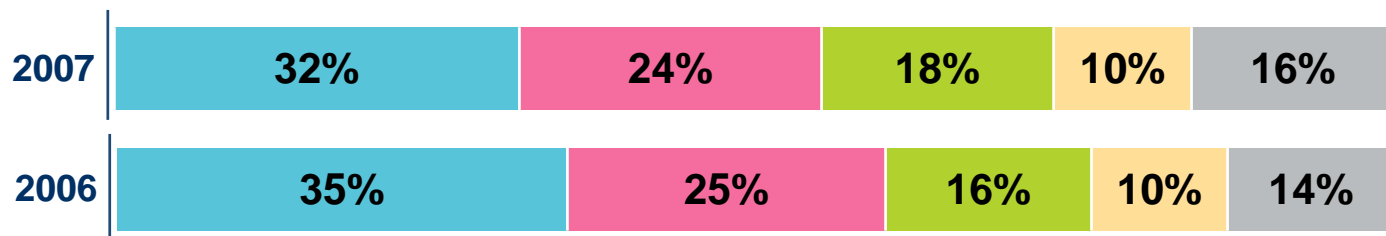
Acquisition of the UK publisher *Piatkus Books*, fully consolidated from July 1, 2007

Acquisition by *Anaya* of the Mexican publisher *Grupo Patria Cultural* and of 51% of the Brazilian publisher *Escala Educacional*, fully consolidated from July 1, 2007 and August 1, 2007 respectively

Consolidation over the full year of *Time Warner Book Group*, consolidated only from April 1 in 2006

Net sales

- **2007: €2,130m (vs. €1,962m in 2006), up 8.6% on a reported basis and up 4.7% on a like-for-like basis**
 - Effect of exchange rates: -1.5%
 - Effect of changes in scope of consolidation: +5.4%
- **Key growth drivers**
 - Education in France and Spain
 - Illustrated Books in France
 - UK and US operations
 - Part-works
- **Net sales by geographical area**



France
 United Kingdom
 USA / Canada
 Spain
 Other

Income statement data

<i>(€m)</i>	2006	2007	Change
Net sales (a)	1,962	2,130	+8.6%
Recurring EBIT before associates (b)	219	239	+9.4%
Income from associates	2	3	
Non-recurring items	(1)	(14)	
EBIT	220	228	+3.6%
Operating margin (b) / (a)	11.2%	11.2%	

Lagardère Active

Changes in scope of consolidation

January 4, 2007: acquisition of 20% interest in *Canal+ France* by the transfer on that date of Lagardère's 34% interest in *CanalSatellite* and by the purchase of shares for €469m on December 19, 2006. In 2006, the 34% interest in *CanalSatellite* was accounted for as an associate by the equity method; in 2007, the 20% interest in *Canal+ France* was accounted for by the same method.

Acquisition of the American company *Jumpstart Automotive Media*, a specialist online advertising network serving the automotive sector, consolidated from June 1, 2007.

Acquisition of the French company *Nextedia*, an interactive media agency, consolidated from July 1, 2007.

Deconsolidation (following divestment) of *Hachette Filipacchi Norway*, *Hachette Filipacchi Sweden*, *Hachette Filipacchi Burda Poland*, *Hachette Filipacchi Publicações (Portugal)* and *Hachette Photo Presse*.

Divestment of the *Regional Daily Press* business – results of operations consolidated to December 31, 2007, deconsolidated in year-end balance sheet.

Takeover of *Presse Féminine SPF*, with a commitment to acquire 100% of the capital at a later date : fully consolidated from April 1, 2007, previously equity-accounted.

***Cellfish Media* accounted for by the equity method over the full year 2007 (fully consolidated until September 30, 2006).**

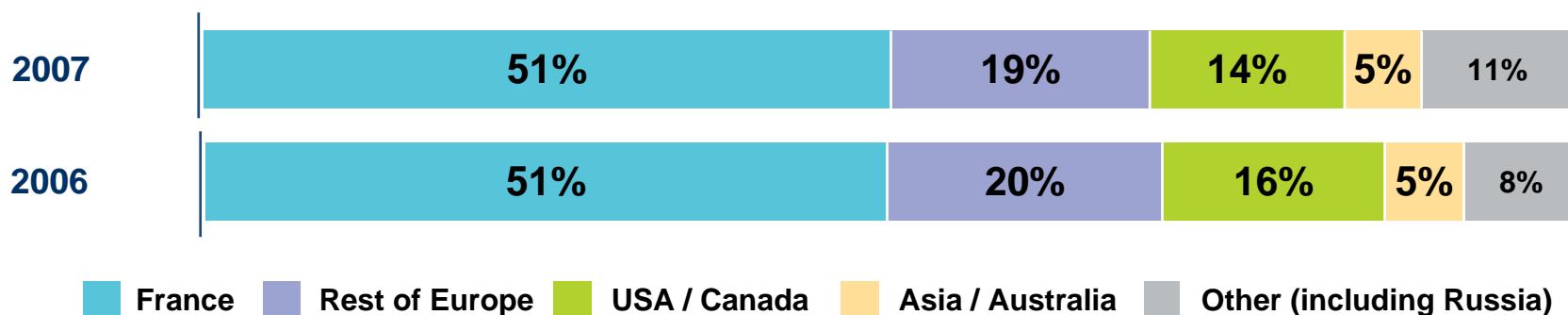
Net sales

- **2007 net sales: €2,291m (vs. €2,334m in 2006), down 1.8% on a reported basis but up 1.7% on a like-for-like basis**
 - Magazines: €1,782m, up 1.7% (up 1.3% like-for-like)
 - Radio: €298m, up 4.7% (up 4.3% like-for-like)
 - TV: €210m, down 5.4% (up 0.9% like-for-like)
 - Broadband: €1m (vs. €76m in 2006)

- **Digital revenues: €70m, or 3.1% of Lagardère Active net sales**

- **Key growth drivers in Magazines, Radio and TV:**
 - Magazines: Russia, China, UK
 - Radio: Russia, Poland, Romania
 - Digital activities

- **Net sales by geographical area**



Income statement data

(€m)	2006	2007	Change
Net sales (a)	2,334	2,291	-1.7%
Recurring EBIT before associates (b)	192	214	+10.8%
Magazines	115	137	+18.4%
Radio	65	62	- 4.3%
TV	16	13	- 20.4%
Broadband	(4)	2	NS
Income from associates (before amortization of acquisition-related intangible assets)	74	53	
Magazines	30	24	
Radio & TV	44	29	
Non-recurring and non-operating items	(59)	(108)	
EBIT	207	159	- 23.5%
Operating margin (b) / (a)	8.3%	9.3%	
Magazines	6.6%	7.7%	
Radio	22.8%	20.8%	
TV	7.1%	5.9%	

Lagardère Services

**Changes in
scope of
consolidation**

On December 21, 2007, the Lagardère Group and Butler Capital Partners signed final heads of agreement with a view to the acquisition by Butler Capital Partners of a majority stake in the Virgin Stores Group.

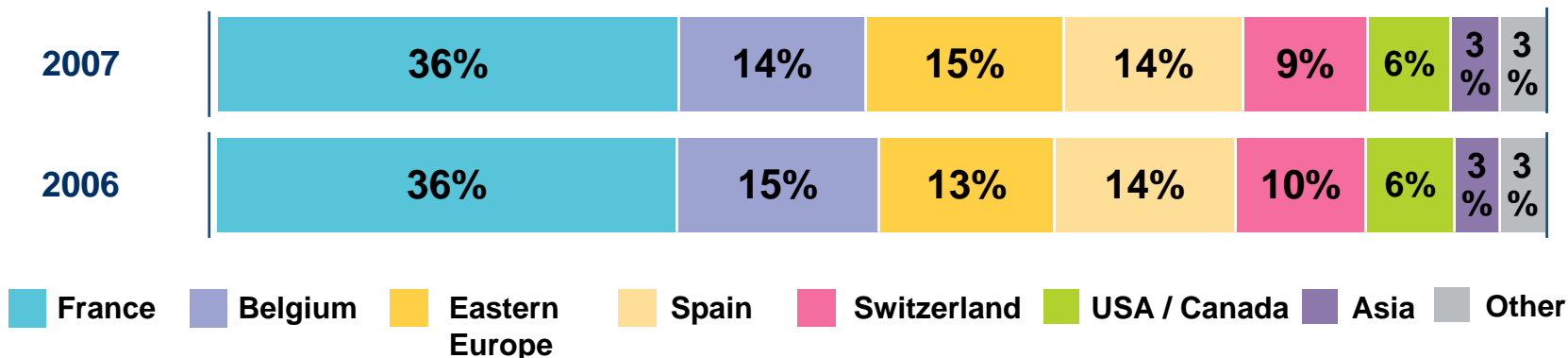
As of December 31, 2007, the deal was still subject to regulatory and legal approval. The assets and liabilities of the Virgin Stores Group are reported as held-for-sale operations in the balance sheet as of December 31, 2007.

Net sales

- **2007 sales: €3,721m (vs. €3,614m in 2006), up 2.9% on a reported basis and up 3.5% on a like-for-like basis**
 - Effect of exchange rates: -0.1%
 - Effect of changes in scope of consolidation: -0.5%

- **Key growth drivers:**
 - Eastern Europe: Hungary, Czech Republic, Romania, Poland
 - Aélia and duty-free activities in the Asia-Pacific region

- **Net sales by geographical area**



Income statement data

(€m)	2006	2007	Change
Net sales (a)	3,614	3,721	+2.9%
Recurring EBIT before associates (b)	109	116	+7.0%
Income from associates	5	8	
Non-recurring items	6	(102)*	
EBIT	120	22	-81.4%
Operating margin (b) / (a)	3.0%	3.1%	

* includes €95m of impairment losses on the Virgin Stores Group

Lagardère Sports

**Changes in
scope of
consolidation**

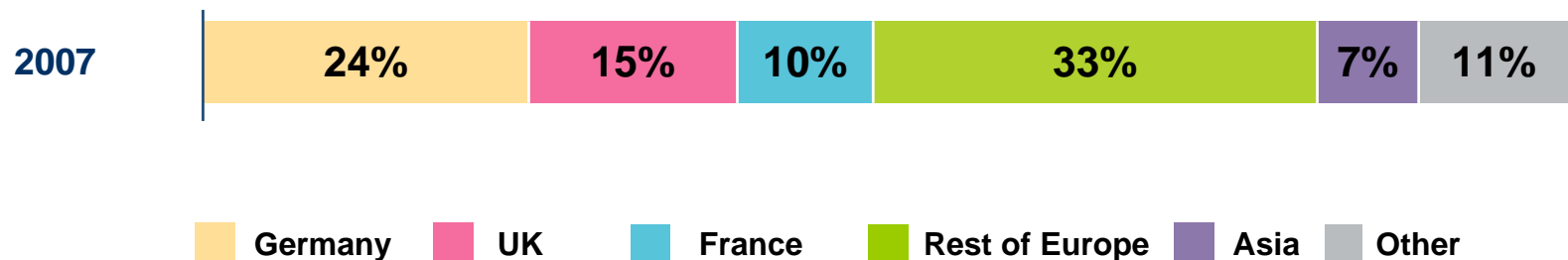
Acquisition of the company *Sportfive* (sports marketing and media rights management), fully consolidated from January 1, 2007.

Acquisition of the French company *Newsweb* (production and distribution of web content), fully consolidated from January 1, 2007.

Acquisition of the Swedish company *IEC* (sports media rights management), fully consolidated from September 1, 2007.

Net sales

- 2007 net sales: €440m
- 11.8% sales growth vs. 2006 (pro forma) excluding IEC
- Key growth drivers:
 - Large number of international soccer matches (including Euro 2008 qualifiers) and good performance of the Handball World Cup in 2007 (held every 4 years)
 - Integration of the UK-based *Sports Marketing Division* (outdoor advertising), acquired by Sportfive in 2006
- Net sales by geographical area



Income statement data

<i>(€m)</i>	2007
Net sales (a)	440
Recurring EBIT before associates* (b)	67
Income from associates	-
Amortization of acquisition-related intangible assets	(36)
Non-recurring items	-
EBIT	31
Operating margin (b) / (a)	15.2%

** Before amortization of acquisition-related intangible assets*

Summary

 financial

information

Lagardère Media income statement data

(€m)	2006	2007
Recurring EBIT before associates	520	636
Contribution from associates before amortization of acquisition-related intangible assets	81	64
Recurring EBIT	601	700
Restructuring costs	(42)	(91)
Net gains on disposals and other items	14	93
Impairment losses on goodwill and intangible assets	(26)	(203)
Amortization of acquisition-related intangible assets		
- fully-consolidated companies	-	(39)
- associates	-	(20)
EBIT	547	440

EBIT

(€m)	2006	2007
Recurring EBIT before associates - other activities	1	-
Non-recurring items - other activities	14	(1)
Total - other activities	15	(1)
Lagardère Media	547	440
Total excluding EADS	562	439
Equity-accounted share of EADS profits/(losses)	23	(44)
Gain on disposal of EADS shares	-	472
Total Lagardère	585	867



On June 25, 2007, in accordance with the schedule stipulated in the issue terms of the Mandatory Exchangeable Bond, Lagardère sold approximately 2.5% of the capital of EADS to the bondholders in redemption of the first one-third tranche of the issue.

Net interest expense and income tax expense

(€m)	2006	2007
Lagardère Media	(84)	(145)
Other activities	(90)	(59)
Total interest expense	(174)	(204)
Income tax expense	(92)	(99)*

* includes deferred tax gain of €14m on amortization of acquisition-related intangible assets

Consolidated income statement

(€m)	Lagardère Media	EADS & other activities	Total 2006	Lagardère Media	EADS & other activities	Total 2007	Change
Net sales	7,910	-	7,910	8,582	-	8,582	+8.5%
Recurring EBIT before associates	520	1	521	636	-	636	+22.0%
Income from associates			104			20	
excluding EADS (*)	81	-	<i>81</i>	64	-	<i>64</i>	
EADS	-	23	<i>23</i>	-	(44)	<i>(44)</i>	
Non-recurring/non-operating items	(54)	14	(40)	(260)	471	211	
EBIT	547	38	585	440	427	867	+48.2%
Net interest expense	(84)	(90)	(174)	(145)	(59)	(204)	
Net income before tax	463	(52)	411	295	368	663	+61.3%
Income tax expense	(165)	73	(92)	(114)	15	(99)	
Net income before minority interests	298	21	319	181	383	564	+76.7%
- Net income	270	21	291	151	383	534	
- Minority interests	28	-	28	30	-	30	

* Before amortization of acquisition-related intangible assets

Adjusted net income (excl. equity accounting for EADS)

<i>(€m)</i>	2006	2007
Net income	291	534
Equity-accounted contribution from EADS	(23)	44
Amortization of acquisition-related intangible assets, net of tax	-	45
Net income before amortization of acquisition-related intangible assets	268	623
<i>Restructuring costs, net of tax</i>	42	80
<i>Net gain on disposals & other items, net of tax</i>	(31)	(564)
<i>Impairment losses on goodwill and intangible assets, net of tax</i>	15	175
<i>Impact of Mandatory Exchangeable Bond on net interest expense, net of tax</i>	80	47
<i>Loss on T-Online/Deutsche Telekom share exchange, net of tax</i>	15	
Adjusted net income excluding EADS	389	361
Earnings per share (€):		
<i>-Basic</i>	2.84	2.72
<i>-Diluted</i>	2.79	2.70

Consolidated cash flow statement

(€m)	2006	2007
Cash flow from operations before interest, taxes and changes in working capital	846	795
Changes in working capital	9	(23)
Cash flow from operations	855	772
Net interest and taxes paid	(187)	(343)
Cash generated by operating activities	668	429
Investments	(1,259)	(1,389)
<i>Property, plant & equipment and intangible assets</i>	(154)	(227)
<i>Financial assets</i>	(1,105)	(1,162)
Asset disposals	194	890
<i>Property, plant & equipment and intangible assets</i>	43	33
<i>Financial assets</i>	151	857
(Purchases)/disposals of short-term investments	5	14
Cash used in investing activities	(1,060)	(485)
Net cash used in operating and investing activities	(392)	(56)

Change in net debt, 2006 vs. 2007

<i>(€m)</i>	2006	2007
Net debt at start of period	(1,091)	(2,045)
Net cash used in operating and investing activities	(392)	(56)
Purchase of treasury shares	(259)	(337)
Dividends	(182)	(181)
Purchases/(disposals) of short-term investments	(5)	(14)
Liabilities arising from commitments to buy out minority interests	22	(28)
Fair value remeasurement of financial liabilities	(108)	35
Effect of exchange rates, changes in scope of consolidation and other effects	(30)	56
Net debt at end of period	(2,045)	(2,570)

Consolidated balance sheet

(€m)	2006	2007
Non-current assets (other than investments in associates)	5,167	5,414
Investments in associates		
<i>EADS</i>	1,187	1,003
<i>Other associates</i>	1,309	1,844
Current assets (other than short-term investments and cash)	3,281	3,420
Short-term investments and cash	1,633	869
Held-for-sale assets	-	229
TOTAL ASSETS	12,577	12,779
Stockholders' equity	4,610	4,659
Non-current liabilities (other than debt)	837	836
Non-current debt	2,309	1,960
Current liabilities (other than debt)	3,452	3,686
Current debt	1,369	1,479
Liabilities associated with held-for-sale assets	-	159
TOTAL LIABILITIES AND EQUITY	12,577	12,779

Stockholders' equity and net debt

<i>(€m)</i>	2006	2007
Stockholders' equity	4,610	4,659
Net debt	(2,045)	(2,570)
Gearing	44.4%	55.2%
Net cash/(debt) excluding Mandatory Exchangeable Bond	99	(1,147)
Gearing excluding Mandatory Exchangeable Bond	N/A	24.6%



Appendices

Analysis of non-recurring/non-operating items: FY 2007

(€m)	Lagardère Publishing	Lagardère Active	Lagardère Services	Lagardère Sports	Other activities	Total
Restructuring costs	-	(88)	(3)	-	(1)	(92)
Gains/(losses) on disposal	8	86	(1)	-	472	565
Impairment losses on goodwill and intangible assets	(22)	(83)	(98)	-	-	(203)
Amortization of acquisition- related intangible assets						
- fully-consolidated companies	-	(3)	-	(36)	-	(39)
- associates	-	(20)	-	-	-	(20)
TOTAL	(14)	(108)	(102)	(36)	471	211

Analysis of non-recurring/non-operating items: FY 2006

(€m)	Lagardère Publishing	Lagardère Active	Lagardère Services	Lagardère Sports	Other activities	Total
Restructuring costs	(3)	(32)	(7)	-	(3)	(45)
Gains on disposals	4	2	8	-	17	31
Impairment losses on goodwill and intangible assets	(2)	(29)	-	-	-	(31)
Negative goodwill released to income	-	-	5	-	-	5
TOTAL	(1)	(59)	6	-	14	(40)

Contribution from associates by division

(€m)	2006	2007
Lagardère Publishing	2	3
Lagardère Active	74	33
- Audiovisual *	44	9
- Press	30	24
Lagardère Services	5	8
Total Lagardère Media	81	44
Other activities	23	(44)
TOTAL	104	0

* 2007 figure includes impact of amortization of acquisition-related intangible assets: -€20m

Principal associates

(€m)	2006		2007	
	Balance sheet	Income statement	Balance sheet	Income statement
EADS	1,187	23	1,003	(44)
Canal+ France	-	-	1,433	10
CanalSatellite	935	52	-	-
Marie-Claire	234	9	236	6
Other associates	140	20	175	28

Cash flow statement data

(€m)	2006	2007
Cash flow from operations before interest, taxes and changes in working capital	247	284
Changes in working capital	34	11
Cash flow from operations	281	295
Net interest and taxes paid	(96)	(110)
Cash generated by operating activities	185	185
Investments	(463)	(92)
<i>Property, plant & equipment and intangible assets</i>	(29)	(40)
<i>Financial assets</i>	(434)	(52)
Asset disposals	153	10
<i>Property, plant & equipment and intangible assets</i>	37	9
<i>Financial assets</i>	116	1
(Increase)/decrease in short-term investments	-	-
Cash used in investing activities	(310)	(82)
Net cash used in operating and investing activities	(125)	103

Cash flow statement data

(€m)	Audio visual	Press	2006	Audio visual	Press	2007
Cash flow from operations before interest, taxes and changes in working capital (1)	214	131	345	82	136	218
Changes in working capital	8	(37)	(29)	(16)	11	(5)
Cash flow from operations	222	94	316	66	147	213
Net interest and taxes paid	(81)	(68)	(149)	(99)	(74)	(173)
Cash generated by operating activities	141	26	167	(33)	73	40
Investments	(545)	(83)	(628)	(77)	(162)	(239)
<i>PP&E and intangible assets</i>	(11)	(44)	(55)	(15)	(25)	(40)
<i>Financial assets</i>	(534)	(39)	(573)	(62)	(137)	(199)
Asset disposals	16	8	24	10	155	165
<i>PP&E and intangible assets</i>	1	2	3	0	1	1
<i>Financial assets</i>	15	6	21	10	154	164
Increase/(decrease) in ST investments				43		43
Cash used in investing activities	(529)	(75)	(604)	(24)	(7)	(31)
Net cash used: operating/investing activities	(388)	(49)	(437)	(57)	66	9

(1) 2006 figure includes €71m of dividends received from CanalSatellite

Cash flow statement data

(€m)	2006	2007
Cash flow from operations before interest, taxes and changes in working capital	168	167
Changes in working capital	15	(29)
Cash flow from operations	183	138
Net interest and taxes paid	(41)	(37)
Cash generated by operating activities	142	101
Investments	(88)	(81)
<i>Property, plant & equipment and intangible assets</i>	(65)	(76)
<i>Financial assets</i>	(23)	(5)
Asset disposals	8	15
<i>Property, plant & equipment and intangible assets</i>	2	6
<i>Financial assets</i>	6	9
(Increase)/decrease in short-term investments	5	14
Cash used in investing activities	(75)	(52)
Net cash used in operating and investing activities	67	49

Cash flow statement data

(€m)	2007
Cash flow from operations before interest, taxes and changes in working capital	111
Changes in working capital	18
Cash flow from operations	129
Net interest and taxes paid	(55)
Cash generated by operating activities	74
Investments	(961)
<i>Property, plant & equipment and intangible assets</i>	(62)
<i>Financial assets</i>	(899)
Asset disposals	3
<i>Property, plant & equipment and intangible assets</i>	0
<i>Financial assets</i>	3
(Increase)/decrease in short-term investments	(958)
Cash used in investing activities	(884)

Debt maturity

(€m)	< 1 year	1-5 years	> 5 years	Total
Mandatory Exchangeable Bond	759	664	-	1,423
Other bond issues	102	163	235	500
Bank borrowings	110	812	7	929
Finance lease obligations	14	38	3	55
Liabilities arising from commitments to buy out minority interests	60	22	-	82
Other debt	434	12	4	450
TOTAL	1,479	1,711	249	3,439



Short-term investments and cash: €869m

Off balance sheet commitments

(€m)	2006	2007
Commitments to purchase shares from third parties (other than minority interests)	16	16
Commitments given in connection with ordinary activities		
- guarantees/performance bonds	48	44
- guarantees in favor of third parties or non-consolidated companies	15	73
- capital expenditure commitments	32	43
Mortgages and pledges	2	3



Significant events

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Lagardère Publishing

Overview

- **2007 performance:**
 - Net sales: up 4.7% on a like-for-like basis
up 8.6% on a reported basis
 - Recurring EBIT before associates: up 9.4%

France

■ Education:

- Excellent year for Hachette Education and the Hatier Group, which posted very strong performances in an expanding primary and secondary educational market
- Fine growth in distance learning

■ Fiction/Non-Fiction:

- Full-year sales affected by the predicted slowing of the Dan Brown phenomenon, largely offset by bestsellers such as Simone Veil's *Une Vie* and Philippe Claudel's *Le Rapport de Brodeck*, both published by Stock

■ Lifestyle, Travel, Children's and Illustrated Books:

- Strong growth across all divisions, in particular cookery books (Marabout) and curiosity books (Hachette Pratique)
- Good results from children's books, thanks largely to a new and fast-growing segment: large-format books for teenagers

France

■ Dictionaries and Encyclopedias

- Marked improvement in results for Larousse, thanks to the remedial measures taken in 2006

■ Distribution:

- A good year, featuring the successful integration of Dunod, Masson, Dalloz and Armand Colin (formerly Interforum), bringing in 10,000 new catalog items and transferring an extra 6 million copies into inventory
- Improved industrial relations, with all parties signing an agreement on completion of the compulsory annual pay negotiation process

Other countries

■ United Kingdom:

- Hachette Livre UK reinforced its leadership position via a raft of fiction and celebrity autobiography bestsellers, with 9 titles in the 2007 top 50
- Improved earnings at Octopus despite lower sales, thanks to co-publishing and exports
- Strong growth in Australia, with the successful integration of Little, Brown and Orion in distribution
- Acquisition of Piatkus, an independent publisher of popular lifestyle books, supplementing the existing Hachette Livre UK offering

■ United States:

- Record year for Hachette Book Group USA, with 82 titles on the New York Times bestsellers list
- Phenomenal success for James Patterson (five books in 2007) and Stephenie Meyer

Other countries (continued)

■ Spain and Latin America:

- School books: fine performance from Anaya, especially in the Nursery and Secondary segments. Slight decline in the Primary segment after the introduction of free textbooks in Andalusia in 2006
- General publishing: an excellent year, thanks to computer manuals (Anaya) and *Asterix y sus amigos* (Bruño)
- Mexico: a mixed year for Larousse, with good growth in general publishing checked by a decline in school books
- Acquisition of two school textbook publishers, Patria (Mexico) and Escala (Brazil), to cash in on the economic boom in these two countries

■ Part-Works:

- A year of growth overall despite a slowdown in some mature markets
- Strong launch programs in Italy and the United Kingdom
- Successful replication of European bestsellers in Germany, Japan and Latin America

Strategic priorities

- Consolidate the business after an intense phase of acquisitions, while preserving our federal culture
- Create the conditions for a controlled migration to digital
- Look out for acquisition opportunities that make strategic sense
- Counter attempts by the big aggregators (Google, Amazon) to dominate the publishing value chain, by retaining legal and technical control over the use of our content

Outlook 2008

- France: weak consumer demand in Fiction in the early part of the year
- USA: no sign of a slowdown in consumer demand so far this year, but risk of a recession in the medium term
- UK: market tough and highly selective, but well served by Hachette Livre UK
- Foothold in emerging markets (India)
- Possible sale of Éditis, with no impact on Hachette Livre

Lagardère Services

Overview

■ 2007 performance:

- Net sales: up 3.4% like-for-like (up 3.5% like-for-like at constant exchange rates)
up 3% on a reported basis
- Recurring EBIT before associates:
up 7.0% (vs. 2006 proforma based on equity method)
up 14% (excluding effect of change from proportionate consolidation
to equity method)

■ By business line:

- Retail: 68.7% of consolidated net sales
- Press distribution: 31.3% of consolidated net sales
- → Further increase in share taken by retail (67.3% in 2006)

■ By geographical area:

- Regional sales split: France (36.8%), Rest of Europe (54%, including 15.3% in Eastern Europe), North America (5.6%), Asia-Pacific (3.6%)
- Strongest growth in contributions from Eastern Europe (13.3% in 2006) and Asia-Pacific (3.2% in 2006)

France

■ Relais H

- Net sales growth of 1.3% in France, driven mainly by the opening of:
 - 24 sales outlets on the new TGV Est high-speed rail line
 - 3 sales outlets at Terminal S3 at Roissy-Charles de Gaulle Airport
 - 6 sales outlets at Marseille Saint-Charles train station

■ Aelia

- Robust 15% growth in net sales (based on 100%), thanks in particular to:
 - Increased traffic at Paris airports
 - Opening of the new Terminal S3 at Roissy-Charles de Gaulle Airport
 - Growth in trading at recent developments in the UK (Luton and Belfast airports)
- Poland: New activity in 2007 at Krakow airport.
 - Plus signature of an agreement to open two 1,400 m² sales outlets in Warsaw (due to open in the first half of 2008)

France

■ Entertainment/cultural products retailing: Virgin

- The 35 Virgin stores (including 6 Music Railway outlets) and the 12 Furet du Nord stores generated 4.1% growth in net sales relative to 2006
- VirginMega sales rose by 6.8%, with 6.3 million paying music downloads and 293,000 paying video downloads
- 2 Music Railway stores opened: Gare de l'Est (Paris), Gare Saint Charles (Marseille)
- Butler Capital Partners has acquired a majority interest in the Virgin Group in a deal completed on February 27, 2008 (including the portion of VirginMega held by Lagardère Services, i.e. 51%)

Rest of Europe

■ Spain

- Net sales down 1.5% overall, due to distribution activities
- Retail activities up 3.3% (1.8% on a same-store basis)
- Distribution down 2.5%: magazines down 2% (competition from freesheets, discontinued titles), and part-works also down

■ Germany

- Growth of 4.5% in 2007, driven largely by expansion of the network, with 11 new sales outlets (total network now 69 outlets)

■ Belgium

- Net sales down 2.2% overall
- Retail activities up 3.1% (7 new sales outlets, total now 290 outlets)
- Distribution down 4.9%, mainly on a decline in print media and phonecards, with book distribution also affected by operational difficulties following the installation of SAP at the start of the year

Rest of Europe

■ Switzerland

- Net sales up 3.1% overall
- Retail activities stable (up 0.7%), opening of 2 new franchised Paul outlets
- Distribution sales up 4.5%: 1.3% decline in print media sales more than offset by growth in other products
- Entertainment/cultural products retailing (Librairie Payot): very fine 2007 (sales up 5.6% at constant exchange rate) on increased footfall in bookstores and higher average spend per customer, boosted by high-profile literary events such as the launch of the final Harry Potter book

Eastern Europe

■ Poland

- Very strong growth of 28.6% in retail, thanks to rapid pace of new openings (now 518 chain outlets, 96 more than in 2006), including:
 - 134 Relay outlets
 - 300 Inmedio outlets
 - 84 Coffee shop and Convenience outlets
- Distribution down 24% on stiff competition (price war)

■ Hungary

- Net sales up 9.3% overall
- Retail up 7.7%, including:
 - Relay and Inmedio chain sales up 14.3%
Network of 332 sales outlets (126 Relay, 206 Inmedio)
 - Kiosk sales stable despite closure of 69 kiosks (network of 517 kiosks at end 2007)
- Distribution up 11.2%, driven by the favorable effect of a cut in the VAT rate on magazines (July 1, 2006) and very strong growth in non-press sales (especially mobile phone top-ups)

Eastern Europe

■ Czech Republic

- Another year of strong growth (28.1%), including:
 - 36% sales growth for the Relay chain (112 outlets)
 - 10% sales growth for the Inmedio chain (30 outlets)
- Total network of 144 sales outlets, 15 more than in 2006

■ Romania

- Very strong growth (113%) in retail activities
 - 44 sales outlets opened in 2007 (36 Inmedio, 8 Relay)
 - Network of 101 sales outlets (including 87 Inmedio)

Other countries

■ North America

- Retail activities in Canada and the United States: despite a pick-up in air passenger traffic, sales were flat (down 0.3%) due largely to fewer American tourists visiting Canada because of the slide in the US dollar
- Distribution:
 - United States (Curtis): down 4.7%, on a decline in kiosk sales of magazines
 - Canada (foreign press distribution): up 3.9%, thanks to very fine performances in British print media

■ Asia-Oceania

- Strong sales growth in Australia and Hong Kong (up 18.1% on a non-comparable stores basis)

Outlook

- **Growth prospects dependent on trends in airport footfall**

- **Objective for retail activities:**
 - strengthen our leadership in travel retail, in particular by rolling out a wide variety of store concepts
 - expand our network of high-profile branded outlets, not only in travel locations but also in shopping malls
 - continue to develop our operations in Asia/Oceania and Eastern Europe



Lagardère Active

Overview

■ 2007 performance:

- Net sales: €1,782m up 1.3% on a like-for-like basis
up 1.7% on a reported basis
- Recurring EBIT before associates: €136.6m up 18.4% on a reported basis

■ 2007 trading context and achievements:

- Transitional year, with the Magazines business flat in mature markets but recording growth in emerging markets, and with web-based media a growing force
- Ongoing rationalization of portfolio of titles and geographical locations (12 titles, 4 countries)
- Significant improvement in profitability for the Press business. Launch of the “Active 2009” plan (annual savings of over €70m for Press and Audiovisual combined)
- Launch of our Digital Transformation strategy, and expansion of web-based activities (digital revenues up from 1% of net sales in 2006 to 3.1% in 2007)

Magazines: France

■ Circulation

Circulation up in 2007 (except in lads' mags), generating a 2.9% rise in revenues versus 2006 on a constant structure basis

- There was particularly strong growth in circulation revenues for the flagship weeklies: 5.5% for *Elle*, 9% for *Paris Match* and 24.6% for *Public*
- Circulation increased for supplements too, with *Version Femina* up 5% and *TV Hebdo* up 1.5%
- An editorial makeover at *Télé 7 Jours* limited decline in circulation to just 1.3% despite the general downtrend in the market
- The lads' mags market is encountering difficulties: *Choc* proved unsuccessful as a weekly and was switched to a fortnightly in the summer, while *Entrevue* circulation fell by 12.5%

■ Advertising

2007 was a poor year for advertising (down 9.8% on a constant structure basis)

- In a tough market, Lagardère Active was hit particularly hard by its heavy exposure to retail chain advertising (traditionally a big presence in TV listings magazines) and by the weakness of the lads' mags market
- Despite a general downtrend in the market, the women's magazines segment again performed well, with growth of 5.9% for *Elle Décoration*, 4.8% for *Jeune & Jolie*, 16% for *Elle à table* and 3.9% for *Version Femina*
- The strong circulation growth achieved by *Public* paid off in advertising terms, with revenues up 27.6%

Magazines: International

Significant improvement in profitability thanks to a fine advertising performance, implementation of a cost-saving plan, discontinuation of titles, and withdrawal from selected countries

■ United States

- Year of restructuring, with the discontinuation of *Shock* and *Première* and the implementation of a performance enhancement plan (focusing mainly on paper, production and distribution): 2.2% improvement in profit margin
- Excluding discontinued titles, advertising revenues flat and circulation revenues slightly higher
- Acquisition in May of Jumpstart, a specialist online advertising network serving the automotive sector
- Like-for-like growth of 33% in digital activities, which now account for 7.7% of total revenues

■ Italy

- Continuation of restructuring begun in 2006, with more titles discontinued (*Quark*, *Rakam*, *Gente Mese* and *Tuttomoto*) and the implementation of a performance enhancement plan
- Drop in advertising and circulation revenues on lower sales of bundled offers, except for *Elle* and *Elle Decor* which are still recording growth
- Rollout of digital activities

PRESS

Magazines: International

■ Spain

- Discontinuation of *Asi son las cosas*
- Advertising revenue up, especially in women's magazines
- Circulation revenues down for TV listings and celebrity magazines
- Restructuring of Barcelona office, merger of admin teams with the Madrid office

■ United Kingdom

- Growth in advertising revenues (in women's magazines) and circulation revenues (due largely to *Inside Soap*, *All About Soap* and *Psychologies*)
- Profitability improvements thanks to a cost-cutting plan
- Roll-out of digital activities

■ Japan

- Circulation revenues steady
- Advertising revenues lower, especially for women's magazines
- Implementation of cost-cutting plan

■ Russia

- Advertising revenues up 45%
- Two new titles launched in 2007: *Domoï* (homes & interiors DIY) in March and *StarHit* (celebrity magazine aimed at women) in November

■ China

- Advertising revenues up 20%

Daily newspapers

- Regional Daily Press business sold to Hersant Média at end 2007
- Net sales up 1% on a favorable comparative (*Corse Matin* delivery drivers' strike in April-May 2006)

Other activities

- Photo agencies sold on December 31, 2006
- Licensing revenues stable

Outlook for 2008

- France: tight advertising market in early 2008, despite positive circulation trend
- International: continuation of 2007 trends in our principal markets, with the advertising market in decline in the United States, Japan and Spain but further strong growth in China and Russia
- Ongoing restructuring in France and internationally expected to deliver significant savings in 2008 plus further improvements in Press segment margin, slightly ahead of our “Active 2009” plan target
- Further investment in digital in all countries, via organic growth or acquisitions, with a view to generating 5%-10% of revenues from digital in 2008 (in France and the United States) and in 2009 (in other countries)

Overview

■ 2007 performance:

- Net sales: up 2.9% on a like-for-like basis
down 12.6% on a reported basis
- Recurring EBIT before associates: down 0.4% on a reported basis

Television

■ Revenues stable, up 0.9% vs. 2006 on a like-for-like basis:

- Production/Distribution stable, with growth in drama production offsetting a decline in light entertainment/features production and in distribution
- Growth of 3% for theme channels and TV advertising airtime sales houses: slight fall (of 1.6%) in TV channels due to lower royalty revenues following renegotiation of rates, offset by significant growth in advertising revenues for DTT channels (up 370%) and for the airtime sales houses
- Leadership in kids' TV confirmed across all media (cable, satellite and DTT)

■ Outlook – Television

- Audience figures for early 2008 confirm the leadership of Gulli in DTT, and growth at Virgin 17 (formerly Europe 2 TV)
- The profitability of the TV content production business will again be affected by the development of DTT in 2008
- Creation of Lagardère Entertainment, a new subsidiary combining audiovisual production and rights management, to spearhead our expansion in France and internationally

Radio broadcasting and advertising airtime sales houses

- Radio revenues up 4.3% on a like-for-like basis
- Revenue down 7% in France, due largely to a decline in advertising spend by retail chains (budgets switched to TV adverts)
- International radio activities up 25% on a like-for-like basis, driven mainly by very good results in Russia and Poland

■ Audience ratings

- Latest Médiamétrie figures (November-December 2007, aged 13+):
 - Europe 1: cumulative audience 9.0%, up 0.1%
 - Virgin Radio (formerly Europe 2): cumulative audience 6.3%, up 0.8%
 - RFM: cumulative audience 4.9%, down 0.4%

■ Outlook – Radio

- Europe 2 was rebranded as Virgin Radio on December 31, 2007
- France: still dependent on a largely unpredictable advertising market
- International: well placed to profit from forecast further growth in countries where we have operations (leading player in Russia and Poland)

France

- Interdeco and LAP sales houses merged to form Lagardère Publicité
- Acceleration in cross-media activities (revenues trebled in 2007, now 4% of total revenues), and powerful demonstration of our capabilities via the “Emma & Paul” advertising campaign
- Optimization of commercial performance through leaner, multi-tasking structures to give advertisers a faster, fuller solution
- Development of an alternative digital offering in the French online advertising market via acquisitions and organic growth: largest online advertising sales agency among media groups in France with over 15.5 million unique visitors (including Doctissimo, non-deduplicated)

Digital Transformation strategy launched in 2007

■ Organic growth

- Launch of 16 sites in France and 6 sites outside France (USA, UK, Italy, Spain, Russia)
- Growth in audience ratings:
 - France: after 77% growth in 12 months, we ranked 2nd among media groups behind TF1 in December 2007, with a deduplicated audience of 8.1 million UVs
 - December 2007 audiences of 7.6 million UVs in the USA and 2.2 million UVs in Russia
- Establishment of regional hubs to develop content and technology sharing and facilitate international rollouts: technology hub in Asia, plus European hubs for *Elle* and the auto sector, with technical, editorial and SEO/SEM resources centralized in France

■ Acquisitions

- Acquisition of Doctissimo, early 2008: based on end-December 2007 figures, this deal raises our deduplicated audience to 11.2 million UVs, putting Lagardère Active into 10th place in France behind Yahoo!
- Acquisition in May 2007 of Jumpstart (specialist online advertising network serving the automotive sector in the USA)
- Acquisition in August 2007 of Nextedia (France's leading independent interactive media agency) and of ID Régie (French online advertising sales house specializing in e-commerce and high-tech sites)

■ Outlook

- Digital will account for 5%-10% of total Lagardère Active revenues in 2008
- Digital activities are set to break even at operating level by 2009

New media

- The low contribution to 2007 revenues is due to the shift to equity accounting for CellFish Media (effective October 1, 2006) and to earlier divestments (in particular the CD-Rom business)

■ Rationalizing the portfolio:

- Divestment of non-strategic assets (Regional Daily Press, Photo Agencies, etc)
 - Shift to a licensing model (Norway, Sweden, Poland, Portugal)
 - Discontinuation of 12 unprofitable titles (in the USA, Japan, Spain, France and Italy)
- => Refocus on segments offering the best profitability and/or growth

■ Improving profitability:

Implementation of performance enhancement plan

- Expected to deliver annual savings of over €70m by 2009
- Covers all countries and business activities

Key features:

- Initiation of worldwide paper procurement tendering procedure, enabling Lagardère Active to negotiate favorable terms in a tightening market, and optimization of paper specifications
- Tendering procedure for printing in France, review of specifications and renegotiation of printing contract in the USA
- Headcount reduction of over 10% in France (excluding digital activities) via a voluntary redundancy program, with the effects starting to flow through in 2008

Lagardère Sports

Overview

■ 2007 performance:

- Net sales: €440m up 11.8% on a reported basis vs. 2006 full-year proforma net sales (excluding IEC*)

■ Significant events of 2007:

- Acquisition of the entire capital of Sportfive (sports marketing and media rights management), fully consolidated from January 1, 2007
- Acquisition of French company Newsweb (production and distribution of web content), fully consolidated from January 1, 2007
- Acquisition on August 31, 2007 of IEC, a Swedish sports rights company founded in 1994
- November 15, 2007: agreement to acquire 100% of sports event management company Upsolut (cycling Tour of Germany, Hamburg Cityman Triathlon, etc)

* IEC : International Events and Communication in Sports

Sportfive France

- Steady business with the French Football Federation thanks to TV rights for Euro 2008 home qualifying matches
- Acquisition during the first half of 2007 of Bataille Production (Interface Sports), giving Lagardère Sports access to a new segment
Bataille Production is the producer of footage of French Ligue 2 football, and also produced the footage of the Le Mans 24-hour race in June 2007
- September 2007: Marketing agreement with Olympique Lyonnais football club for a 10-year period from delivery of the new stadium in Lyon
- October 2007: Signature of a long-term agreement between Sportfive and the African Football Federation (CAF) for the exclusive sale of all marketing and media rights for the African Cup of Nations and the CAF Champions League

Sportfive Germany and international TV rights

- Fine performance in TV rights sales, thanks largely to very attractive friendly matches
- Strong contribution from Euro 2008 qualifiers
- Big success of the Handball World Cup in Germany, with Sportfive handling TV and marketing rights as well as production
- April 2007: Signature of naming contract for the Hamburg stadium

Sportfive Major Events and International Development

■ Major Events

- Sale of broadcasting rights for the final phase of the Euro 2008 soccer tournament completed in 36 out of the 50 countries targeted
- Sportfive is also handling the marketing of these matches outside Europe in 15 countries

■ Outlook for 2008

- Growth in 2008 will be driven by strong seasonal factors, especially with the Euro 2008 soccer finals

Newsweb

- Unlocking of first major synergies with the March 2007 launch of the *Journal du Dimanche* site (www.lejdd.fr)
This 24-hour news platform has quickly established itself as a must-visit site (933,000 unique visitors in December 2007)
- The Boursier.com site (www.boursier.com) has broken through the 1 million unique visitor barrier

IEC

- First-time consolidation from September 1, 2007
- 4-month performance in line with expectations
- November: IEC obtained worldwide TV rights distribution for the men's and women's Volleyball World Cups
- Renewal of production and TV rights marketing contract for Asia's two biggest soccer tournaments, one involving FC Barcelona and the other Manchester United
- First year of collaboration between IEC and the International Swimming Federation (FINA) on the distribution of a number of international competitions