Press release

2008 FULL-YEAR RESULTS

Media Recurring EBIT before associates in line with our March 2008 guidance despite the worsening economic climate

- **Consolidated net sales: up 3.1% on a like-for-like basis but down 4.3% on a reported basis, at €8,214m**
- **Media recurring EBIT before associates: up 3.3% at €657m, or up 3.1% based on our 2008 guidance criteria**
- **Net income: up 11.1% at €593m**
- **Adjusted earnings per share excluding EADS: up 2.2% at €2.78**

Proposal to maintain dividend at €1.30 per share

Paris, March 11, 2009 – At its meeting of March 11, 2009, the Supervisory Board reviewed the consolidated financial statements of **LAGARDERE SCA** for the year ended December 31, 2008, as presented by Arnaud Lagardère (General Partner) and Philippe Camus and Pierre Leroy (co-Managing Partners).

Key figures for the year ended December 31, 2008:

- Consolidated **net sales** up 3.1% on a like-for-like basis at €8,214m, but down 4.3% on a reported basis due to the negative effects of changes in the scope of consolidation (€467m) and exchange rates (€143m).
- Growth of 1.9% in **consolidated recurring EBIT before associates** to €647m. Media recurring EBIT before associates rose by 3.3% to €657m, or by 3.1% based on a euro/dollar exchange rate of 1.50 (the rate used to set our full-year guidance for 2008).
- Negative contribution of €68m from **non-recurring/non-operating items** (compared with a positive contribution of €211m in 2007). The main items in 2008 were the €466m gain arising on the sale of a 2.5% stake in EADS, and impairment losses (€339m on the assets of fully-consolidated entities, and €90m on investments in associates).
- **Net interest expense** fell to €176m (versus €204m in 2007), despite a slight increase in net debt, thanks to a reduction in expenses relating to the EADS Mandatory Exchangeable Bond.
- **Net income** was up 11.1% at €593m. Excluding the contribution from EADS, and after stripping out non-recurring and non-operating items and the effect on net interest expense of the EADS Mandatory Exchangeable Bond, adjusted net income was €358m (versus €361m in 2007).
- **Net debt** at year-end was €2,619m, compared with €2,570m a year earlier. This slight increase in net debt occurred despite the generation of €198m of net cash from operating activities, and reflects the €304m cash outflow on share buybacks and the dividend payout. Gearing was virtually unchanged year on year at 58.9%.
- It is proposed to maintain the **dividend** paid out of 2008 profits at the same level as the previous year's dividend, i.e. €1.30 per share.

CONSOLIDATED NET SALES

Consolidated net sales for the year ended December 31, 2008 totaled €8,214m (versus €8,582m in 2007), down 4.3% on a reported basis but up 3.1% on a like-for-like basis.

- Lagardère Publishing – Very good full-year performance, with sales up 4.7% on a like-for-like basis or 1.4% on a reported basis at €2,159m, driven largely by the success of the Stephenie Meyer saga in the United States and by strong sales for Education in Spain and for Illustrated Books in France and Australia.

- Lagardère Active – Contraction in sales during the second half. Over the full year, sales were up 0.4% on a like-for-like basis at €2,111m, but down 7.9% on a reported basis (divestment of the Regional Daily Press business). However, net sales contracted by 1.6% in the second half, with a more marked drop of 2.3% in the fourth quarter.

  - In the Press business, Magazines sales fell by 0.3% on a like-for-like basis in 2008, to €1,593m. A relatively good performance in magazines in France was offset by International sales, which reported a contraction that accelerated at the end of the year (especially in Spain, Italy and the United States).
  - In Radio and Television, net sales were up 2.4% on a like-for-like basis at €518m. In France, the recovery in Radio that began in the third quarter accelerated in the fourth, while International radio activities experienced the opposite trend. TV channels reported significant growth thanks to a sharp rise in advertising revenues for digital terrestrial television (DTT).
  - Digital activities accounted for 6.2% of Lagardère Active sales in 2008, versus 3.1% in 2007.

- Lagardère Services – Good full-year performance with sales up 4.8% on a like-for-like basis, but down 5.9% on a reported basis at €3,500m (divestment of Virgin Stores). Retail (66.3% of 2008 net sales) advanced 6.9% on a like-for-like basis, propelled by the performances of Aélia, Eastern Europe (other than Hungary) and Asia-Pacific. Distribution reported full-year growth of just 0.9% despite fine performances in Switzerland and from Curtis in the United States.

- Lagardère Sports – Modest growth in 2008, with sales up 1.0% on a reported basis at €444m. Despite a good year overall, net sales were down 5.2% on a like-for-like basis, mainly due to less favorable timing of qualifying matches for international football tournaments (World Cup in 2008, versus the Euro tournament in late 2007). WSG is accounted for as an associate (by the equity method) given the participating rights conferred on minority investors under the shareholder agreement effective during 2008.

RECURRING EBIT BEFORE ASSOCIATES

The **Lagardère Group** generated recurring EBIT before associates of €647m in 2008, compared with €636m in 2007, an increase of 1.9%.

Recurring EBIT before associates for **Media** activities reached €657m in 2008, up 3.3%. Based on the euro/dollar exchange rate of 1.50 used in our 2008 full-year guidance, growth would have been 3.1%. Exchange rate fluctuations had a negative effect of nearly €16.0m on 2008 Media recurring EBIT before associates, which would have achieved growth of 5.8% at constant exchange rates.

- Lagardère Publishing performed very well: recurring EBIT before associates was up nearly 7.0% on a like-for-like basis at €246m. Reported-basis growth was a more modest 2.9% due to exchange rates: unfavorable trends in the euro/dollar rate and especially the euro/sterling rate had a negative effect of €11.3m year on year. Operating margin improved again, to 11.4%. This performance was driven by very strong profit growth for Hachette Book Group in the United States plus better results in Spain and at Larousse. These factors more than offset a decline in Literature in France and in Partworks.

- Lagardère Active posted a 2.1% drop in recurring EBIT before associates to €209m, following a tough second half which saw a double-digit decline. Nonetheless, operating margin improved from 9.3% in 2007 to 9.9% in 2008.

  - The Press business reported a 16.3% drop in recurring EBIT before associates to €114m in 2008, driving operating margin down from 7.7% to 7.2%. This was largely due to a deterioration in our performances in the United States and Spain, despite some resilience in France and above all, strong growth in emerging markets (China and Russia).

  - Recurring EBIT before associates for the Broadcast business was up 23.0% at €95m, driven by strong growth in TV and the reversal of a provision for litigation involving one of our production companies. The contribution from International radio activities rose sharply. Conversely, radio activities in France were hit by launch costs for the new Virgin Radio brand and by a makeover for programming schedules at Europe 1, the benefits of which began to feed through in audience figures at the end of 2008.

- Lagardère Services reported recurring EBIT before associates of €127m, 9.0% higher than in 2007. Operating margin rose from 3.1% to 3.6% year on year, representing an improvement of more than 10 basis points on a constant structure basis (excluding Virgin Stores). The main growth driver was a marked increase in the contribution from distribution activities, primarily in Belgium, Spain and the United States. In retail, the slowdown in air passenger traffic and the development of new sales outlets hampered growth in recurring EBIT before associates during 2008.

- Lagardère Sports posted recurring EBIT before associates of €75m in 2008, 12.4% up on the 2007 figure and in line with our targets. Growth was boosted by the large number of major sports events in 2008 (final phases of the Euro 2008 and African Cup of Nations football tournaments, and qualifiers for the 2010 Football World Cup).

Non-media activities reported negative recurring EBIT of €10m (versus breakeven in 2007), reflecting the non-recurrence of a gain on the settlement of a dispute relating to the former Matra transport business and a decline in Media and EADS royalties.

NON-RECURRING/NON-OPERATING ITEMS

Non-recurring/non-operating items represented a net loss of €68m in 2008, versus a net gain of €211m in 2007. The 2008 figure comprised the following items:

- €339m of impairment losses on goodwill and intangible assets of consolidated entities, including €248m on Magazine Publishing in the United States, reflecting a downward revision to growth forecasts for this business in light of the current recession.
- €90m of impairment losses on the equity-accounted investment in Marie Claire.
- €40m of restructuring costs, including €31m at Lagardère Active.
- €70m of amortization of acquisition-related intangible assets (primarily Sportfive and Canal+ France).
- €471m of gains on disposals, including €466m from the sale of a 2.5% stake in EADS.

CONTRIBUTION FROM ASSOCIATES

The contribution from associates amounted to €246m[(1)], compared with €20m for the previous year. This big increase was mainly due to an improved contribution from EADS, which went from a loss of €44m in 2007 to a profit of €171m in 2008.

Excluding EADS, the contribution from associates was €75m, compared with €64m in 2007, mainly due to an improved contribution from Canal+ France.

Earnings before interest and taxes (EBIT) fell by 4.8% to €825m.

NET INTEREST EXPENSE

Net interest expense was €176m in 2008, versus €204m in 2007, reflecting:

- a reduction of €76m in the interest expense incurred on the EADS Mandatory Exchangeable Bond;
- an increase of €48m in interest expense on debt, reflecting a rise in the average level of net debt due to the acquisitions made in 2008 (€484m, including Doctissimo, minority investors in Lagardère Active TV and WSG), share buybacks (€102m), and the dividend payout (€202m).

Net income before tax was down 2.1% at €649m.

INCOME TAX EXPENSE

Income tax expense for the year was €22m, versus €99m in 2007. With net income before tax having fallen by just 2.1% to €649m, the reduction in income tax expense was mainly due to the reversal of deferred tax liabilities following the recognition of impairment losses against certain assets in the United States.

MINORITY INTERESTS in net income totaled €34m, versus €30m in 2007.

As a result of the factors described above, **NET INCOME** for the year ended December 31, 2008 came to **€593m, compared with €534m for the year ended December 31, 2007, an increase of 11.1%.** Earnings per share rose by 14.6%, reflecting a slight fall in the number of shares outstanding.

[(1)] *Excluding amortization of acquisition-related intangible assets and impairment losses*

€ MILLION	Year ended December 31, 2007			Year ended December 31, 2008		
	MEDIA	NON-MEDIA & EADS	TOTAL LAGARDÈRE GROUP	MEDIA	NON-MEDIA & EADS	TOTAL LAGARDÈRE GROUP
Net sales	**8,582**		**8,582**	**8,214**		**8,214**
Recurring EBIT before associates	**636**		**636**	**657**	**(10)**	**647**
Non-recurring/non-operating items	(260)	471	211	(536)	468	(68)
Contribution from associates	64	(44)	20	75	171	246
EBIT	**440**	**427**	**867**	**196**	**629**	**825**
Net interest expense	(145)	(59)	(204)	(189)	13	(176)
Income tax expense	(114)	15	(99)	(37)	15	(22)
Net income (before minority interests)	**181**	**383**	**564**	**(30)**	**657**	**627**
Minority interests	30		30	34		34
Net income	**151**	**383**	**534**	**(64)**	**657**	**593**

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

Adjusted net income, calculated as shown below, amounted to €358m in 2008, very slightly down on the 2007 figure (€361m). Adjusted earnings per share, which takes full account of the effect of share buybacks, was up 2.2% at €2.78 (versus €2.72 in 2007).

(€ million)	**Year ended Dec. 31, 2007**	**Year ended Dec. 31, 2008**
Net income	**534**	**593**
Equity-accounted contribution from EADS	44	(171)
Amortization of acquisition-related intangible assets, net of taxes	45	53
Net income excluding EADS, before amortization of acquisition-related intangible assets	**623**	**475**
Restructuring costs, net of taxes	80	29
Net gains on disposals, net of taxes	(564)	(460)
Impairment losses on goodwill and intangible assets, net of taxes		
- Consolidated entities	175	225
- Associates	---	90
Impact of Mandatory Exchangeable Bond on interest expense, net of interest income calculated at market rates	47	(1)
Adjusted net income excluding EADS	**361**	**358**

NET CASH GENERATED BY/USED IN OPERATING AND INVESTING ACTIVITIES

Cash flows from operating and investing activities improved from a net outflow of €56m in 2007 to a net inflow of €275m in 2008.

Operating activities generated net cash of €198m in 2008, despite several negative factors:

- The deterioration in the operating performance of Lagardère Active, coupled with restructuring costs associated with the Active 2009 plan.
- An increase of €141m in working capital needs, as worsening economic conditions towards the end of the year increased the period of credit taken by some customers and, more marginally, pushed up inventory levels.
- An increase in tax payments, reflecting a rise in profits recorded outside the French group tax election. On the other hand, net interest payments were virtually unchanged year on year.

Investing activities generated a net cash inflow of €77m in 2008:

- Acquisitions of property, plant and equipment and intangible assets net of disposals were €191m, close to the 2007 figure.
- Acquisitions of investments represented a cash outflow of €484m in 2008, including the acquisitions of Doctissimo (€140m), minority shareholders in Lagardère Active TV (€61m) and WSG (€79m).
- These investments were more than offset by proceeds from disposals, mainly the €664m derived from the sale of the stake in EADS.

DEBT

As of December 31, 2008, net debt stood at €2,619m, compared with €2,570m at end 2007 (despite the net cash inflow of €275m from operating and investing activities), reflecting the impact of:

- share buybacks during the period (cash outflow of €102m);
- the dividend payout (cash outflow of €202m);
- non-cash adjustments to the fair value of hedging instruments, which increased the carrying amount of debt by €101m.

Gearing increased from 55.2% to 58.9%, demonstrating the health of our balance sheet.

DIVIDEND

The Managing Partners will ask the General Meeting of Shareholders to approve a dividend of €1.30 per share, the same as the dividend paid out of 2007 profits.

Lagardère is a pure media group (books, press, broadcast, digital, travel retail and press distribution, sports trading and sports rights), and is among the world leaders in the sector.
It also owns a 7.5% stake in EADS, after the disposal (due to take place in March 2009) of a 2.5% stake via the redemption of the last tranche of the Mandatory Exchangeable Bonds.

Lagardère shares are listed on Euronext Paris – Compartment A.

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