PRESS RELEASE

Lagardère

2011 FULL-YEAR RESULTS

Activity showed firm resilience in a difficult economic and financial environment

- **Stable net sales: €7,657m,** up 0.2% on a like-for-like basis
- **Recurring EBIT[(1)] from Media activities in line with objectives: €414m**, down 11.1% at constant exchange rates
- **Adjusted net income – Group share[(2)]: €226m** (down €58m)
- **Net income impacted by write-downs amounting to €895m**

Sound financial position

- **Net cash from operating and investment activities up sharply: €766m** (€320m in 2010)
- **Significant reduction in net indebtedness: €1,269m** (down €503m)
- **Excellent liquid asset position (available cash[(3)] €2,014m)**

Proposal to maintain dividend at €1.30 per share

Paris, March 8, 2012

2011 business year highlights:

> **Firm resilience** despite a difficult economic and financial environment. The Group's new areas of development (Digital, TV Production and Travel Retail) continued their growth trend. Net sales came out at €7,657m, stable on a like-for-like basis (up 0.2%) and lower by 3.9% on a reported basis. The difference is due mainly to a negative scope effect associated with the sale of International Magazine Publishing (PMI).

> **Recurring EBIT from Media activities** was down 11.1% at constant exchange rates, in line with the guidance announced on November 8, 2011, due mainly to:

- **Lagardère Publishing,** the expected end to the Stephenie Meyer effect and deteriorated market conditions in English-speaking countries;
- **Lagardère Unlimited**, non-recurring items, non-renewal of contracts and weaker than expected sales performance.

> Negative **net income – Group share** of -€707m, in large part associated with impairment losses of €895m (mainly on Lagardère Unlimited and Canal+ France), as announced on February 7. Excluding non-recurring/non-operating items and excluding EADS, adjusted net income stands at €226m compared to €284m last year, i.e. a drop of €58m, mainly due to the decline in recurring EBIT.

> **Total cash flows from operating and investment activities rose sharply to €766m** (€320m in 2010), thanks to disposals during the year (PMI and Russian radio).

> **Significant reduction in net indebtedness:** €1,269m at the end of 2011 (down 28%), due to disposals. Gearing[(4)] improved by two percentage points to 42%, as did the net debt/EBITDA[(5)] ratio, which fell from 2.8x to 2x.

[(1)] Recurring EBIT before contribution from associates: see definition at the bottom of the press release.
[(2)] Excluding contribution from EADS and non-recurring and non-operating items.
[(3)] Cash and short-term investments reported on the balance sheet and undrawn authorized credit lines.
[(4)] Net debt-to-equity ratio.
[(5)] See definition at the bottom of the press release.

I- GROUP CONSOLIDATED NET SALES

For the 2011 business year, net sales for Lagardère SCA were €7,657m, down on a reported basis (-3.9%) but stable on a like-for-like basis (+0.2%).

	Sales (in €m)		Reported change 2011/2010	Like-for-like change 2011/2010
	2010	2011		
LAGARDÈRE	**7,966**	**7,657**	**(3.9%)**	**0.2%**
Lagardère Publishing	2,165	2,038	(5.9%)	(4.4%)
Lagardère Active	1,826	1,441	(21.0%)	1.3%
Lagardère Services	3,579	3,724	4.0%	2.0%
Lagardère Unlimited	396	454	14.5%	6.2%

The difference between the reported and like-for-like performance is due mainly to a negative scope effect of €344m (primarily associated with the sale of International Magazine Publishing, PMI). These changes in scope are slightly offset by a positive foreign exchange effect (€16m).

> Lagardère Publishing

Net sales of €2,038m for 2011, down 5.9% on a reported basis and down 4.4% on a like-for-like basis. The unfavourable base effect of Stephanie Meyer sales tailed off at the end of the third quarter 2011 and had vanished completely by year end. This had a negative impact on sales in the United States, the United Kingdom and on Illustrated Books in France. Excluding this effect, the drop in the division's net sales was only 0.3% on a like-for-like basis.

The year was marked by the problems encountered by some distributors in English-speaking countries (bankruptcy of Borders in the United States and REDgroup in Australia).

Good performance in France in Education (up 2.4%, driven by the reform of the country's high schools) and in General Literature (up 2.4%). Sales were up in Spain as well (+1.1%), thanks to Education, driven by educational system reforms.

Continuing strong growth in e-Book revenues, mainly in English-speaking countries: in the United States and the United Kingdom, this revenue represented respectively 20% and 10% of Adult trade[6] sales at the end of December 2011. In France, new digital readers were launched in the autumn but have not yet caused the market to take off in any significant way. Across 2011, e-Books accounted for 6% of Lagardère Publishing's total revenue.

> Lagardère Active

Net sales of €1,441m for 2011, up 1.3% on a like-for-like basis, but down 21% on a reported basis. The difference between reported and like-for-like performance is due primarily to the sale of PMI. The foreign exchange effect was immaterial.

Excluding PMI sold, net sales at December 31, 2011 were stable at €1,075m (i.e. down 0.5% on a like-for-like basis).

2011 saw a sound improvement in the TV Production business (up 8.3%, with, of particular note, the series *Borgia*) and in television channels (up 7%), while the performance of Magazines (down 2.2%) and French Radio (down 5.5%) were muted. Also of note was a slowdown in business at the end of the year due to the weak macroeconomic environment, especially on the advertising market (down 1.2% for 2011 as a whole).

> Lagardère Services

Net sales of €3,724m for 2011, up 4% on a like-for-like basis and up 2% on a reported basis. The difference between reported and like-for-like performance is due primarily to a positive scope effect (€26m), mainly associated with the acquisition and inclusion of Singapore, China and Bulgaria activities in the scope of consolidation, offset in part by the transfer to equity method scope of Relay business in Aéroports de Paris (ADP) in Q4 2011 (consequence of the new partnership with ADP). The foreign exchange effect was positive, at €49m.

[6] *Books meant for the general public - adult.*

On the whole, despite a troubled environment in 2011 (economic cycle, events in Arab countries, natural disasters and bad weather in North America and in the Pacific), the Retail business posted performance that was up 4.1%, driven by good performance in transportation areas, thanks to the growth of the network, innovation and sales initiatives. The Distribution business continues to slide (down 3.2%) due to the negative trend in the press market.

> Lagardère Unlimited

Net sales of €454m for 2011 as a whole, up 14.5% on a reported basis and up 6.2% on a like-for-like basis. The difference between like-for-like and reported performance is mainly due to a positive scope effect, mainly resulting from the integration of the Lagardère Paris Racing business on January 1, 2011, and Best (a US company specialised in representing athletes and celebrities) in April 2010.
There was a busy sports calendar in 2011, due in particular to the Asian Football Cup (World Sport Group) and qualifying matches for the UEFA Euro 2012™, slightly offset by the absence of revenue from the IPL (Indian Premier League, Cricket) and no Africa Cup of Nations on the schedule.

II- INCOME STATEMENT DATA

RECURRING EBIT BEFORE ASSOCIATES[7]

Recurring EBIT before associates (Media) came in at €414m, down 11.4% on a reported basis and down 11.1% at constant exchange rates, in line with the guidance announced on November 8, 2011.

	Recurring EBIT (in €m)		Reported change 2011/2010
	2010	2011	
LAGARDÈRE	**467.5**	**414.2**	**(11.4%)**
Lagardère Publishing	250.4	220.8	(11.8%)
Lagardère Active	84.4	94.9	12.4%
Lagardère Services	104.5	104.6	0.1%
Lagardère Unlimited	28.2	(6.1)	-

> Lagardère Publishing: end of the unfavourable comparison effect related to Stephenie Meyer sales, with a very good level of profitability, close to 11%

2011 marked the return to a normal degree of profitability after three years of momentum due to the success of Stephenie Meyer. The end of this effect in 2011 dragged down profitability notably in the United States, the United Kingdom and Illustrated Books in France.

In English-speaking countries, the difficulties encountered by retailers (bankruptcy of Borders in the United States and REDgroup in Australia) also had an impact on profitability. Good performance was reported in France (in Education, Distribution and Larousse)as well as in Spain, which are maintaining a high level of profitability.

For the division overall in 2011 the profitability level was very good, close to 11%.

> Lagardère Active: increase in profitability thanks to efficient cost control, the disposal of Virgin 17 and the positive impact of Digital

At €95m, recurring EBIT before associates was higher by €10m, despite the disposal of PMI in the course of 2011.

Excluding PMI, recurring EBIT before associates was €56m, compared to €35m in 2010, up 60%, due mainly to:

- good cost control, notably in Magazines in France;
- the sale of Virgin 17, entity which had generated €9m in losses in 2010;
- improvement in the profitability of the Digital market.

These positive elements fully offset the unfavourable effects of the drop in income from advertising and circulation.

[7] *Recurring EBIT before contribution from associates: see definition at the bottom of the press release.*

> Lagardère Services: recurring EBIT remains stable, in a year marked by investments in Asia and a troubled environment

Profitability stable in 2011, with recurring EBIT before associates coming out at €105m: net sales growth, in particular in Retail activities, offset the effects of a troubled economic and geopolitical climate and the cost of investments in Asia.

Retail: profits were stable and recurring EBIT before associates was up slightly, as strong performance in France was offset by lower profitability in Asia-Pacific (an area with strong potential), associated with the costs of business development in 2011 (opening of sales outlets, etc.), bad weather conditions and natural disasters as well as the strong Australian dollar.

Distribution: profits were stable as the cost-cutting plans implemented in prior years paid off.

> Lagardère Unlimited: a difficult year, despite good activity level

Recurring EBIT before associates was -€6m, down €34m compared to 2010.

Despite increased sales (up 6.2% like-for-like), profits were hurt by the following:

- non-recurring items: provisions, litigation (primarily with the Board of Control for Cricket in India in connection with cricket rights at World Sport Group) and non-collection of some debt;
- loss-making contracts;
- the (already-known) effects due to the non-renewal of some contracts (in particular with the French Football Federation);
- sales performance lower than expected.

Note that major changes in management took place in the first half of 2011, with the aim of turning the division around.

Total Non-Media recurring EBIT amounts to -€12m (compared to -€6m in 2010) and includes the costs related to the Canal+ France IPO project.

CONTRIBUTION FROM ASSOCIATES[8]

Net income from associates is €112m, up 72% compared to 2010, mainly due to the increase in EADS results. Excluding EADS, net income from associates amounts to €33m (compared to €22m last year), thanks to a better contribution from Marie Claire and Gulli.

NON-RECURRING/NON-OPERATING ITEMS

Non-recurring/non-operating items totalled -€1,003m in 2011 compared to -€184m in 2010. They are broken down as follows:

- **-€895m in impairment losses,** of which mainly €550m in the Lagardère Unlimited division, €27m relating to certain Lagardère Active digital assets and €310m arising out of the ownership interest in Canal+ France. As every year, the Group carries out impairment tests on its assets, based on the discounted cashflows method. In 2011, the weak environment in global economy and in stock markets (increase in discount rates) on the one hand, and the prospects of the Lagardère Unlimited division on the other hand, have given rise to these impairment losses;
- **-€84m in impairment losses on intangible assets recognised at the time of acquisition**, mainly in the Lagardère Unlimited division;
- **-€41m in restructuring expenses:** stable compared to last year, in the framework of cost-cutting and resource streamlining efforts in the Lagardère Active, Lagardère Services and Lagardère Unlimited divisions;
- **+€17m in gains on disposals**, mainly at Lagardère Active, primarily associated with the disposal of Le Monde Interactif. PMI and Russian radio capital gains on disposals were not significant.

[8] *Before amortisation of intangible assets associated with acquisitions and impairment losses.*

EARNINGS BEFORE INTEREST AND TAX

Earnings before interest and tax came out at -€489m compared to €343m in 2010, due primarily to the impairment losses listed above.

NET INTEREST EXPENSE

Net interest expense was €95m, up €13m on 2010, mainly due to higher interest rates that more than offset the drop in indebtedness over the second half of the year.

INCOME TAX EXPENSE

Income tax expense totalled €105m, compared to €67m last year, an increase that is primarily due to the taxes payable in the various countries when PMI was sold.

Factoring in all these elements, total net income came out at -€689m, of which -€707m is attributable to the Group and €18m to minority interests.

CONSOLIDATED INCOME STATEMENT

	2010			2011		
(€m)	**Media**	**Other activities***	**Total**	**Media**	**Other activities***	**Total**
Net sales	7,966	-	7,966	7,657	-	7,657
Recurring EBIT before associates	468	(6)	462	414	(12)	402
Income from associates	*22*	*43*	65	33	79	112
Non-recurring/non-operating items	(136)	(48)	(184)	(692)	(311)	(1,003)
EBIT	***354***	***(11)***	***343***	**(245)**	**(244)**	**(489)**
Net interest expense	(46)	(36)	(82)	(44)	(51)	(95)
Net income before tax	***308***	**(47)**	***261***	**(289)**	**(295)**	**(584)**
Income tax expense	(142)	75	(67)	(150)	45	(105)
Consolidated net income	166	28	194	(439)	(250)	(689)
Attributable to minority interests	(31)	-	(31)	(18)	-	(18)
Net income - Group share	**135**	**28**	**163**	**(457)**	**(250)**	**(707)**

*Non-Media, Canal+ France and EADS.

ADJUSTED NET INCOME - GROUP SHARE

Adjusted net income - Group share was €226m, i.e. down €58m compared to 2010, due primarily to lower operating income.
At €1.78, adjusted earnings per share is down, compared to €2.24 in 2010. The number of shares remained unchanged.

(€m)	**2010**	**2011**
Net income – Group share	**163**	**(707)**
Equity-accounted contribution from EADS	(43)	(79)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses*	25	*71*
Impairment losses on:		
- goodwill and intangible assets*	99	*585*
- associates*	-	*310*
Restructuring costs*	84	36
Gains/(losses) on disposals*	(44)	10
Adjusted net income – Group share excluding EADS	**284**	**226**
Adjusted earnings per share excluding EADS (in €)	*2.24*	*1.78*

*Net of taxes.

III- OTHER FINANCIAL INFORMATION

TOTAL CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

(€m)	**2010**	**2011**
Cash flow from operations before interest expense and taxes	591	597
Changes in working capital	81	(170)
Cash flow from operations	**672**	**427**
Interest paid & received, income taxes paid	(141)	(170)
Cash generated by (used in) operating activities	**531**	**257**
Investments	**(286)**	**(352)**
Property, plant & equipment and intangible assets	*(228)*	*(253)*
Financial assets	*(58)*	*(99)*
Asset disposals	**104**	**840**
Property, plant & equipment and intangible assets	*10*	*26*
Financial assets	*94*	*814*
Increase/(decrease) in short-term investments	**(29)**	**21**
Cash generated by (used in) investing activities	**(211)**	**509**
Net cash from operating & investing activities	**320**	**766**

Cash flow from operating activities stood at +€257m in 2011.

- **Cash flow from operations was stable at €597m**, notably thanks to the dividend payment resumed by EADS.
- After 2 years of strong positive variation (+€127m in 2009, +€81m in 2010), **working capital requirements (WCR)** is deteriorating in 2011(-€170m). The variation compared to 2010 is related to PMI activity (for €60m), divested in the course of the year, and the remaining part is mainly associated with the increase in products in-process in TV Production and the increase in accounts receivable for the Lagardère Publishing division.
- **Interest payments** (net of interest collected) were up slightly at €87m.
- **Taxes remitted** totalled €83m, compared to €74m in 2010.

Cash flow from investing activities was +€352m.

- **Investment in property, plant and equipment and intangible assets was up slightly on 2010 (up €25m)** and mainly relates to the Lagardère Services (continuing development by setting up sales outlets and gains of new concessions) and Lagardère Unlimited (purchase of sports rights) divisions.
- **Financial investments were also up by €41m (reaching €99m in 2011)** and mainly relate to price supplements on prior acquisitions for Lagardère Unlimited, investments by the Lagardère Services division in Retail activities (in particular, sales outlets in the Czech Republic) and to the acquisition of minority interests by the Lagardère Publishing division.
- **Total disposals of financial assets in 2011 rose sharply to €814m**, and mostly related to the disposal of PMI assets (€648m) and Russian radio (€117m).

In all, **net cash flows from operating and investing activities represented a net inflow of €766m, compared to €320m in 2010, leading to a significant improvement in the Group's financial position.**

FINANCIAL POSITION

Net debt is €1 269m, down €503m compared to the end of 2010, due to the improvement in cash flow from operating and investing activities detailed above. Gearing improved by two percentage points to 42%, as did the net debt/EBITDA ratio, which fell from 2.8x to 2x. EBITDA came out at €635m, stable compared to 2010 (€633m).

The Group's liquid asset position remains excellent, with €2,014m available cash (cash and short-term investments reported on the balance sheet of €737m and undrawn authorized credit lines of €1,277m). The debt repayment schedule is well balanced, with the first major maturity taking place in 2014 (repayment of the bond issued in late 2009, totalling €1 billion). In January 2011, the Group renewed a syndicated loan facility of €1.6bn for 5 years.

IV- OUTLOOK/DIVIDEND

GUIDANCE ON RECURRING EBIT BEFORE ASSOCIATES FROM MEDIA ACTIVITIES

For 2012, at constant perimeter (PMI and Russian radio excluded) and exchange rates, the recurring EBIT before associates from media activities should remain stable compared to 2011. This guidance is based on the hypothesis of a stable level of advertising sales for Lagardère Active compared to 2011.

Also, this guidance does not integrate the three following items for the Lagardère Unlimited division, still not foreseeable as of today:

- settlement of the claim with the French Football Federation;
- settlement of the litigation with the Board of Control for Cricket in India;
- negotiations related to the contract with the International Olympic Committee.

DIVIDEND

The proposed dividend for 2011 is maintained at last year's level, which is €1.30 per share.
This amount is consistent with the Group's dynamic shareholders remuneration policy combining stability on ordinary share dividends since 2007, and occasional operations such as share buyback (in 2007 and 2008) and extraordinary dividends (in 2005).

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INVESTOR CALENDAR

- **General Meeting of Shareholders** on May 3, 2010 at 10:00 a.m. at the Carrousel du Louvre in Paris.
- **Announcement of Q1 2012 sales** on May 10, 2012 at 8:00 a.m.
- **Announcement of 2012 half-year results** on August 30, 2012 at 5:40 p.m.

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FOR THE RECORD: DEFINITIONS

Recurring Media EBIT

Recurring Media EBIT of consolidated companies is defined as the difference between result before financial charges and tax and the following items of the profit and loss statement:

- contribution of associates;
- gains or losses on disposals of assets;
- impairment losses on goodwill, property, plant and equipment and intangible assets;
- restructuring costs;
- items related to business combinations:
  - expenses on acquisitions;
  - gains and losses resulting from acquisition price adjustments;
  - amortization of acquisition-related intangible assets.

EBITDA

Earnings before interest and tax + Amortization + Impairment losses on goodwill, property, plant and equipment and intangible fixed assets - Positive contribution (+ negative contribution) of associates + Dividends received from associates.

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The meeting at which the results are announced is broadcast live on the Internet at www.lagardere.com.

Lagardère is a pure media group (books, press, broadcast, digital, travel retail and press distribution, sport industry and entertainment), and is among the world leaders in the sector.
Lagardère shares are listed on Euronext Paris (Compartment A).

Important notice:

Some 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.

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.

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