Lagardère

2009 Full-Year Results

March 10, 2010

Disclaimer

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

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

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

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

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

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

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Key Figures

Key Figures

- **Net sales down 4.0% on a like-for-like basis at €7,892m**
  - Down 3.9% on a reported basis (vs. €8,214m for FY 2008)
- **Recurring EBIT before associates:**
  - Consolidated recurring EBIT before associates (including Non-Media activities): €461m (vs. €647m for FY 2008)
  - Recurring EBIT before associates from Media activities (excluding Lagardère Active): €448m (vs. €442m for FY 2008)
    - up 1.1% on a reported basis
    - up 1.6% at constant exchange rates
- **Net income:**
  - €137m (vs. €593m for FY 2008)
  - Adjusted net income excluding EADS: €324m (vs. €358m for FY 2008), down 9.5%
- **Earnings per share:**
  - Basic: €1.08 (vs. €4.62 for FY 2008)
  - Diluted: €1.07 (vs. €4.62 for FY 2008)
- **Free Cash Flow*:**
  - €324m (vs. €7m for FY 2008)

***** Net cash generated by operating and investing activities***

Financial Indicators by Division

Lagardère Publishing

Changes in scope of consolidation

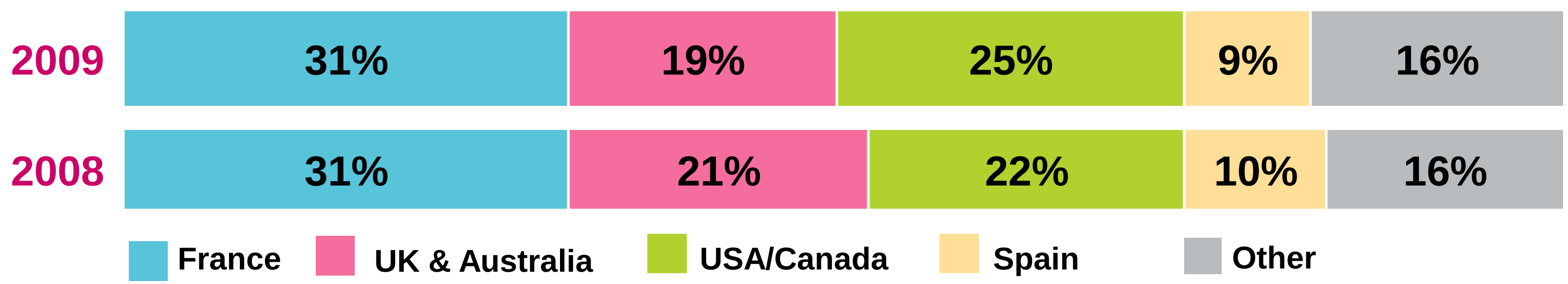
- **Full consolidation with effect from January 1, 2009 of Éditions Albert René, publisher of the *Astérix* albums, in which we acquired a 60% interest at the end of 2008.**

Net sales

- **FY 2009 net sales: €2,273m (vs. €2,159m for FY 2008), up 5.3% on a reported basis and 6.5% on a like-for-like basis**
  - Impact of exchange rates: -1.6%
  - Impact of changes in scope of consolidation: +0.4%

- **Key growth drivers:**
  - Very fine performance in the United States, with record sales of blockbusters
  - Double-digit growth in Illustrated Books and Literature in France
  - Decline in Partworks sales over the full year, but at a slower pace in H2

- **Net sales by geographical area**



Lagardère PUBLISHING

Income statement data

(€m)	FY 2008*	FY 2009	Change
Net sales (a)	2,159	2,273	+5.3%
Recurring EBIT before associates (b)	243	301	+23.8%
Income from associates	3	3	
Non-recurring/non-operating items	(13)	(15)	
EBIT	233	289	+24.3%
Operating margin (b) / (a)	11.3%	13.2%	

*After royalties charged by Non-Media Activities based on the rules applied in 2009

Lagardère Active

Changes in scope of consolidation

- **Acquisition by the Japanese group Sumitomo of a 34% interest in Fujingaho via a sale of shares, recognized in the accounts on May 31, 2009.**

  This deal is part of a strategic alliance designed to build an e-commerce business around the *Elle* brand. We are continuing to fully consolidate Fujingaho's activities except for the e-commerce division, which is now accounted for as an associate by the equity method.

- **Transfer of *TV Hebdo* magazine to a new company set up jointly with Socpresse; Lagardère Active has a 30% minority stake in the new company.**

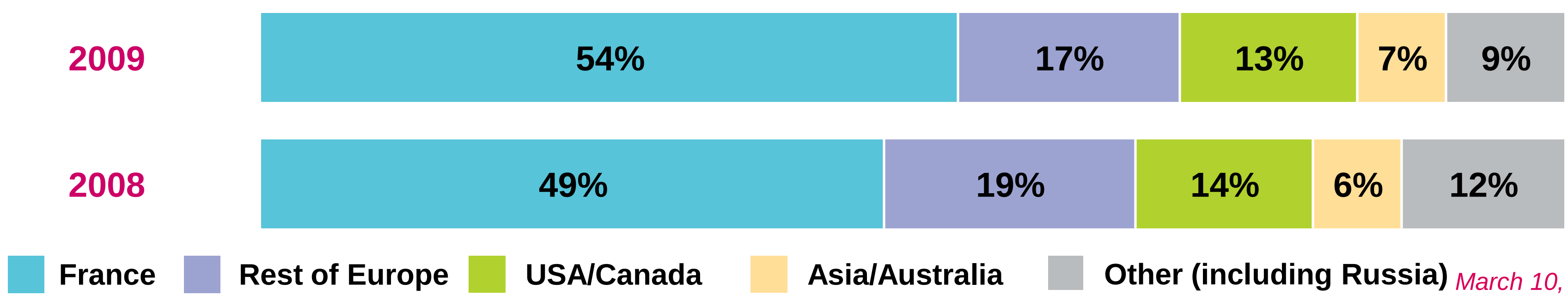
- **Sale of 5 specialist magazines by Hachette Filipacchi Media US, and sale of *Onze Mondial* magazine by Lagardère Active.**

- **Full consolidation over the whole of FY 2009 of the Psychologies Magazine group, which in 2008 was accounted for as an associate by the equity method until May 31, when we raised our stake from 51% to 100%.**

Lagardère ACTIVE

Net sales

- **FY 2009 net sales: €1,725m (vs. €2,111m for FY 2008), down 18.3% on a reported basis and 16.6% on a like-for-like basis**
  - Magazines: €1,271m, down 20.1% (down 17.9% on a like-for-like basis)
  - Radio: €243m, down 21.9% (down 18.4% on a like-for-like basis)
  - TV: €211m, up 1.6% (down 4.7% on a like-for-like basis)
- **Digital revenues: €127m, or 7.3% of Lagardère Active net sales (FY 2008: 6.2%)**
- **Key factors in Magazines, Radio and TV:**
  - Magazines: Very sharp fall in advertising, more marked internationally than in France
  - Radio: Steep decline internationally and for music stations (Virgin Radio and RFM), but Europe 1 virtually unchanged year-on-year and with very good audience ratings
  - TV: Lower revenues in production and theme channels, only partly offset by growth in DTT
- **Net sales by geographical area**



Income statement data

(€m)	FY 2008*	FY 2009	Change
Net sales (a)	**2,111**	**1,725**	**-18.3%**
Recurring EBIT before associates (b)	**206**	**15**	**-93%**
Magazines	*111*	*4*	
Radio	*63*	*5*	
TV	*32*	*6*	
Income from associates before amortization of acquisition-related intangible assets and impairment losses	**66**	**67**	
Magazines	*17*	*8*	
Radio & TV	*49*	*59*	
Non-recurring/non-operating items	**(467)**	**(571)**	
EBIT	**(195)**	**(489)**	
Operating margin (b) / (a)	**9.8%**	**0.9%**	
Magazines	*7.0%*	*0.3%*	
Radio	*19.9%*	*2.1%*	
TV	*15.4%*	*2.8%*	

*After royalties charged by Non-Media Activities based on the rules applied in 2009

Lagardère Services

Lagardère SERVICES

Changes in scope of consolidation

- **Full consolidation with effect from January 1, 2009 of New Gift Shop Inc (NGSI), an operator of airport retail outlets in the United States, acquired at the end of 2008.**

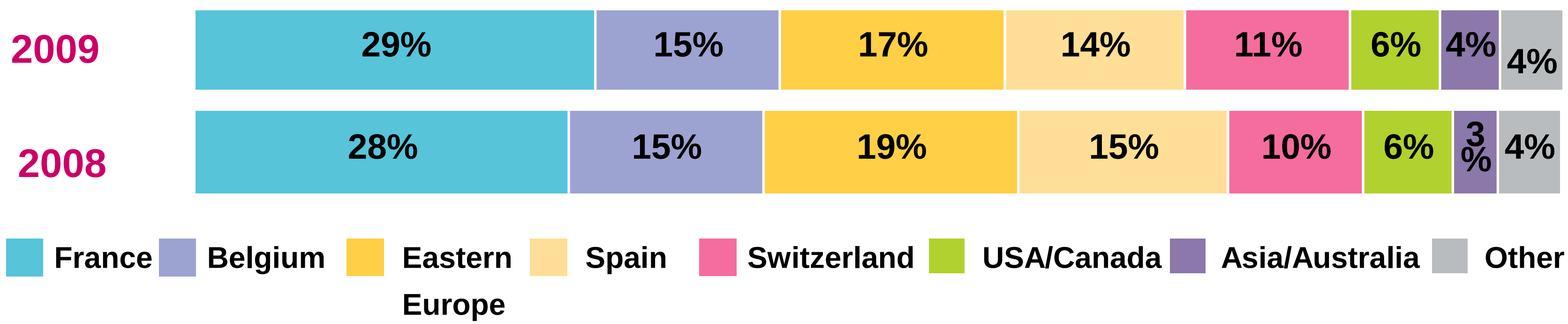
- **Consolidation over the whole of FY 2009 of Purely Group and Delstar, both acquired during 2008 and consolidated with effect from March 1, 2008 and September 1, 2008 respectively.**

Net sales

- **FY 2009 net sales: €3,387m (vs. €3,500m for FY 2008), down 3.2% on a reported basis and 2.3% on a like-for-like basis**
  - Impact of exchange rates: -1.8%
  - Impact of changes in scope of consolidation: +0.9%

- **Key factors:**
  - Distribution revenues down 6.3% (excluding discontinuation of operations in Poland), on a contraction in newspaper and magazine circulation
  - Good resilience in retail (0.7% growth)

- **Net sales by geographical area**



Income statement data

(€m)	FY 2008*	FY 2009	Change
Net sales (a)	3,500	3,387	-3.2%
Recurring EBIT before associates (b)	125	91	-27.5%
Income from associates	8	8	
Non-recurring items	(12)	(20)	
EBIT	121	79	
Operating margin (b) / (a)	3.6%	2.7%	

*After royalties charged by Non-Media Activities based on the rules applied in 2009

Lagardère Sports

Changes in scope of consolidation

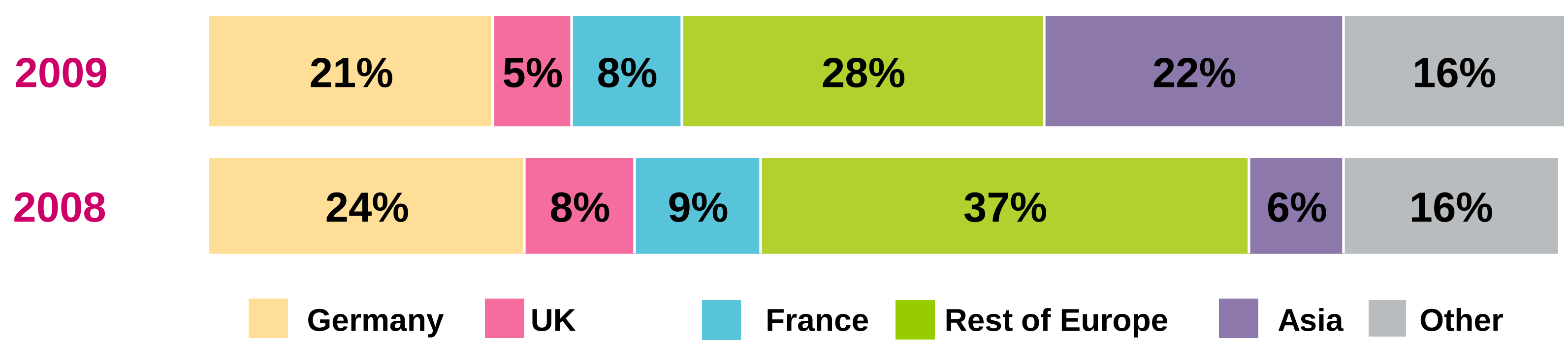
- **Full consolidation with effect from January 1, 2009 of World Sport Group (WSG), which had been accounted for as an associate by the equity method from July 1, 2008. This change in method was due to an amendment to the shareholder agreement at the start of 2009.**

Net sales

- **FY 2009 net sales: €507m (vs. €444m for FY 2008), up 14.2% on a reported basis but down 10.1% on a like-for-like basis**
  - Impact of exchange rates: -1.1%
  - Impact of changes in scope of consolidation: +25.4%

- **Key factors:**
  - Non-recurrence of the Euro 2008 and Africa Cup of Nations football tournaments
  - Starting in H2, toughening of market conditions in Europe, especially in media rights

- **Net sales by geographical area**



Lagardère SPORTS

Income statement data

(€m)	FY 2008*	FY 2009	Change
Net sales (a)	444	507	+14.2%
Recurring EBIT before associates** (b)	74	56	-24.8%
Income from associates	(2)	-	
Amortization of acquisition-related intangible assets	(45)	(42)	
Non-recurring items	1	(9)	
EBIT	28	5	NS
Operating margin (b) / (a)	16.8%	11.0%	

* After royalties charged by Non-Media Activities based on the rules applied in 2009

**Before amortization of acquisition-related intangible assets

Summary Financial Information

Lagardère Media income statement data

(€m)	FY 2008*	FY 2009
Recurring EBIT before associates	**648**	**463**
Contribution from associates before amortization of acquisition-related intangible assets and impairment losses	75	78
Recurring EBIT	**723**	**541**
Restructuring costs	(40)	(92)
Net gains/(losses) on disposals	3	(15)
Impairment losses on goodwill and intangible assets		
- consolidated companies	(339)	(449)
- associates	(90)	(35)
Amortization of acquisition-related intangible assets		
- consolidated companies	(50)	(46)
- associates	(20)	(20)
EBIT	**187**	**(116)**

*After royalties charged by Non-Media Activities based on the rules applied in 2009

Lagardère

EBIT

(€m)	FY 2008	FY 2009
Lagardère Media	187	(116)
Non-Media activities	1	(5)
Total excluding EADS	188	(121)
Equity-accounted contribution from EADS	171	(49)
Gain on disposals of EADS shares	466	539
Total – Lagardère Group	825	369

On March 24, 2009, in accordance with the January 26, 2009 amendment to the issue terms of the Mandatory Exchangeable Bond, Lagardère sold 2.5% of the capital of EADS to the bondholders in redemption of the final one-third tranche of the issue.

Consolidated income statement

(€m)	Lagardère Media*	EADS & Non-Media*	Total FY 2008	Lagardère Media	EADS & Non-Media	Total FY 2009	Change
Net sales	**8,214**	**-**	**8,214**	**7,892**	**-**	**7,892**	**-3.9%**
Recurring EBIT before associates	**648**	**(1)**	**647**	**463**	**(2)**	**461**	**-28.7%**
Income from associates			**246**			**29**	
excluding EADS**	*75*	-	*75*	*78*	-	*78*	
EADS	-	*171*	*171*	-	*(49)*	*(49)*	
Non-recurring & non-operating items	**(536)**	**468**	**(68)**	**(657)**	**536**	**(121)**	
EBIT	**187**	**638**	**825**	**(116)**	**485**	**369**	**-55.3%**
Net interest expense	(189)	13	(176)	(71)	(11)	(82)	
Net income before tax	**(2)**	**651**	**649**	**(187)**	**474**	**287**	**-55.8%**
Income tax expense	(34)	12	(22)	(175)	52	(123)	
Consolidated net income	**(36)**	**663**	**627**	**(362)**	**526**	**164**	**-73.9%**
- attributable to equity holders***	(70)	663	593	(389)	526	137	
- attributable to minority interests	34	-	34	27	-	27	

*After royalties charged by Non-Media Activities based on the rules applied in 2009

**Before amortization of acquisition-related intangible assets and impairment losses

***Attributable to equity holders of the parent company

Adjusted net income (excluding EADS)

(€m)	2008	2009
Net income attributable to equity holders of the parent	**593**	**137**
Equity-accounted contribution from EADS	(171)	49
Amortization of acquisition-related intangible assets, net of tax	53	54
Net income before amortization of acquisition-related intangible assets	**475**	**240**
Restructuring costs, net of tax	*29*	*70*
Net gains on disposals, net of tax	*(460)*	*(513)*
Impairment losses on goodwill and intangible assets, net of tax		
- consolidated companies	*225*	*486*
- associates	*90*	*35*
Interest expense on Mandatory Exchangeable Bond, net of interest income calculated at market rates	*(1)*	*6*
Total non-recurring items	**(117)**	**84**
Adjusted net income excluding EADS	**358**	**324**
Adjusted earnings per share excluding EADS (€)		
- *Basic*	2.78	2.55
- *Diluted*	2.78	2.54

Consolidated statement of cash flows

(€m)	FY 2008	FY 2009
Cash flow from operations before interest, taxes & changes in working capital	711	655
Changes in working capital	(141)	127
Cash flow from operations	**570**	**782**
Interest paid and received, and income taxes paid	(372)	(230)
Cash generated by/(used in) operating activities	**198**	**552**
Investments	**(709)**	**(303)**
Property, plant & equipment and intangible assets	*(225)*	*(240)*
Financial assets	*(484)*	*(63)*
Asset disposals	**778**	**700**
Property, plant & equipment and intangible assets	*34*	*12*
Financial assets	*744*	*688*
(Increase)/decrease in short-term investments	**8**	**37**
Cash generated by/(used in) investing activities	**77**	**434**
Net cash generated by/(used in) operating and investing activities	**275**	**986**

Lagardère

Change in net debt, FY 2008 vs. FY 2009

(€m)	FY 2008	FY 2009
Net debt at start of period	**(2,570)**	**(2,619)**
Net cash generated by/(used in) operating and investing activities	275	986
Purchase of treasury shares	(102)	(2)
Dividends	(202)	(202)
Increase/(decrease) in short-term investments	(8)	(37)
Liabilities arising from commitments to buy out minority interests	59	(16)
Fair value remeasurement of financial liabilities	(101)	10
Effects of exchange rates, changes in scope of consolidation & other effects	30	56
Net debt at end of period	**(2,619)**	**(1,824)**

Consolidated statement of financial position

(€m)	Dec. 31, 2008	Dec. 31, 2009
Non-current assets (other than investments in associates)	**5,361**	**5,206**
Investments in associates	**2,443**	**2,169**
EADS	*571*	*395*
Other associates	*1,872*	*1,774*
Current assets (other than short-term investments and cash)	**3,575**	**2,908**
Short-term investments and cash	**952**	**842**
TOTAL ASSETS	**12,331**	**11,125**
Stockholders' equity	**4,446**	**4,082**
Non-current liabilities (other than debt)	**778**	**899**
Non-current debt	**2,380**	**2,174**
Current liabilities (other than debt)	**3,536**	**3,478**
Current debt	**1,191**	**492**
TOTAL LIABILITIES AND EQUITY	**12,331**	**11,125**

Stockholders’ equity and net debt

(€m)	Dec. 31, 2008	Dec. 31, 2009
Stockholders’ equity	4,446	4,082
Net debt	(2,619)	(1,824)
Gearing	58.9%	44.7%
Net debt excluding Mandatory Exchangeable Bond	(1,927)	(1,824)
Gearing excluding Mandatory Exchangeable Bond	43.3%	44.7%

Appendices

Lagardère

Analysis of non-recurring/non-operating items – FY 2009

(€m)	Lagardère Publishing	Lagardère Active	Lagardère Services	Lagardère Sports	Non-Media	Total
Restructuring costs	(9)	(61)	(14)	(8)	(1)	(93)
Gains/(losses) on disposals	-	(14)	(1)	-	539	524
Impairment losses on goodwill and intangible assets:						
- consolidated companies	(5)	(441)	(2)	(1)	(2)	(451)
- associates	-	(35)	-	-	-	(35)
Amortization of acquisition-related intangible assets:						
- consolidated companies	(1)	-	(3)	(42)	-	(46)
- associates	-	(20)	-	-	-	(20)
TOTAL	(15)	(571)	(20)	(51)	536	(121)

Lagardère

Analysis of non-recurring/non-operating items – FY 2008

(€m)	Lagardère Publishing	Lagardère Active	Lagardère Services	Lagardère Sports	Non-Media	Total
Restructuring costs	(2)	(31)	(7)	-	-	(40)
Gains/(losses) on disposals	(1)	5	(2)	1	468	471
Impairment losses on goodwill and intangible assets:						
- consolidated companies	(10)	(327)	(2)	-	-	(339)
- associates	-	(90)	-	-	-	(90)
Amortization of acquisition-related intangible assets:						
- consolidated companies	-	(4)	(1)	(45)	-	(50)
- associates	-	(20)	-	-	-	(20)
TOTAL	(13)	(467)	(12)	(44)	468	(68)

Contribution from associates by division

(€m)	FY 2008	FY 2009
Lagardère Publishing	**3**	**3**
Lagardère Active	**(44)**	**12**
- Broadcast*	***29***	***36***
- Press**	***(73)***	***(24)***
Lagardère Services	**8**	**8**
Lagardère Sports	**(2)**	**-**
Total Lagardère Media	**(35)**	**23**
Non-Media activities	**171**	**(49)**
TOTAL	**136**	**(26)**

** Includes €20m negative impact of amortization of acquisition-related intangible assets in both FY 2009 and FY 2008*

*** Includes impairment losses on Marie-Claire of €31m in FY 2009 and €90m in FY 2008*

Principal associates

	FY 2008		FY 2009	
(€m)	Balance sheet	Income statement	Balance sheet	Income statement
EADS	571	171	395	(49)
Canal+ France	1,465	32	1,507	42
Marie-Claire*	156	(80)	128	(27)
World Sport Group	96	(2)	-	-
Other associates	155	15	139	8
Total	2,443	136	2,169	(26)

*After recognition of impairment losses of €31m in FY 2009 and €90m in 2008

Lagardère PUBLISHING

Cash flow statement data

(€m)	FY 2008	FY 2009
Cash flow from operations before interest, taxes & changes in working capital	**260**	**323**
Changes in working capital	(31)	52
Cash flow from operations	**229**	**375**
Interest paid & received, and income taxes paid	(117)	(85)
Cash generated by/(used in) operating activities	**112**	**290**
Investments	**(73)**	**(22)**
Property, plant & equipment and intangible assets	*(45)*	*(28)*
Financial assets	*(28)*	*6*
Asset disposals	**4**	**2**
Property, plant & equipment and intangible assets	*-*	*1*
Financial assets	*4*	*1*
(Increase)/decrease in short-term investments	**-**	**-**
Cash generated by/(used in) investing activities	**(69)**	**(20)**
Net cash generated by/(used in) operating & investing activities	**43**	**270**

Lagardère ACTIVE

Cash flow statement data

(€m)	Broad-cast	Press	FY 2008	Broad-cast	Press	FY 2009
Cash flow from operations before interest, taxes & changes in working capital	**77**	**98**	**175**	**32**	**1**	**33**
Changes in working capital	(23)	(21)	(44)	24	38	62
Cash flow from operations	**54**	**77**	**131**	**56**	**39**	**95**
Interest paid & received, income taxes paid	(92)	(117)	(209)	(25)	(58)	(83)
Cash generated by/(used in) operating activities	**(38)**	**(40)**	**(78)**	**31**	**(19)**	**12**
Investments	**(122)**	**(245)**	**(367)**	**(31)**	**(25)**	**(56)**
Property, plant & equipment and intangible assets	*(26)*	*(19)*	*(45)*	*(16)*	*(22)*	*(38)*
Financial assets	*(96)*	*(226)*	*(322)*	*(15)*	*(3)*	*(18)*
Asset disposals	**4**	**22**	**26**	**6**	**19**	**25**
Property, plant & equipment and intangible assets	*-*	*4*	*4*	*-*	*8*	*8*
Financial assets	*4*	*18*	*22*	*6*	*11*	*17*
Increase/(decrease) in short-term investments	-	-	-	-	-	-
Cash generated by/(used in) investing activities	**(118)**	**(223)**	**(341)**	**(25)**	**(6)**	**(31)**
Net cash generated by/(used in) operating & investing activities	**(156)**	**(263)**	**(419)**	**6**	**(25)**	**(19)**

Lagardère SERVICES

Cash flow statement data

(€m)	FY 2008	FY 2009
Cash flow from operations before interest, taxes & changes in working capital	**181**	**137**
Changes in working capital	(35)	50
Cash flow from operations	**146**	**187**
Interest paid & received, income taxes paid	(39)	(24)
Cash generated by/(used in) operating activities	**107**	**163**
Investments	**(117)**	**(119)**
Property, plant & equipment and intangible assets	*(80)*	*(66)*
Financial assets	*(37)*	*(53)*
Asset disposals	**75**	**5**
Property, plant & equipment and intangible assets	*24*	*3*
Financial assets	*51*	*2*
Increase/(decrease) in short-term investments	**8**	**37**
Cash generated by/(used in) investing activities	**(34)**	**(77)**
Net cash generated by/(used in) operating & investing activities	**73**	**86**

Cash flow statement data

(€m)	FY 2008	FY 2009
Cash flow from operations before interest, taxes & changes in working capital	**109**	**148**
Changes in working capital	(12)	(30)
Cash flow from operations	**97**	**118**
Interest paid & received, income taxes paid	(59)	(50)
Cash generated by/(used in) operating activities	**38**	**68**
Investments	**(146)**	**(98)**
Property, plant & equipment and intangible assets	*(50)*	*(101)*
Financial assets	*(96)*	*3*
Asset disposals	**3**	**3**
Property, plant & equipment and intangible assets	*1*	*-*
Financial assets	*2*	*3*
Cash generated by/(used in) investing activities	**(143)**	**(95)**
Net cash generated by/(used in) operating & investing activities	**(105)**	**(27)**

Lagardère

Debt by maturity

(€m) as of December 31, 2009	< 1 year	1-5 years	> 5 years	Total
Bond issues	-	1,411	-	1,411
Bank borrowings	35	697	-	732
Finance lease obligations	14	11	-	25
Liabilities arising from commitments to buy out minority interests	-	39	1	40
Other debt	443	7	8	458
TOTAL	492	2,165	9	2,666

Short-term investments and cash: €842m

Off balance sheet commitments

(€m)	Dec. 31, 2008	Dec. 31, 2009
Commitments to purchase shares from third parties (other than minority interests)	2	14
Commitments given in connection with ordinary activities:		
- contract guarantees and performance bonds	59	81
- guarantees in favor of third parties or non-consolidated companies*	95	79
- other commitments given	15	12
Mortgages and pledges	2	-

*Counter-guarantees relating to guarantees given by Lagardère: €42m at December 31, 2009 and €59m at December 31, 2008

Royalties charged for brand user rights

(€m)	Reported EBIT FY 2008*	Pro forma royalties 2008	Pro forma EBIT* FY 2008	Royalties FY 2009
Lagardère Publishing	**246**	**(3)**	**243**	**(3)**
Lagardère Active	**209**	**(3)**	**206**	**(3)**
- Broadcast	*95*	-	*95*	*(1)*
- Press	*114*	*(3)*	*111*	*(2)*
Lagardère Services	**127**	**(2)**	**125**	**(1)**
Lagardère Sports	**75**	**(1)**	**74**	**(1)**
Lagardère Media	**657**	**(9)**	**648**	**(8)**
Non-Media activities	**(10)**	**9**	**(1)**	**8**
Group total	**647**	**-**	**647**	**-**

*** Recurring EBIT before associates**

Significant events

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Lagardère Publishing

Overview

2009 full-year performance:

- Net sales: €2,273m; up 5.3% on a reported basis
  up 6.5% on a like-for-like basis
- Recurring EBIT before associates: €301m on a reported basis
- Operating margin: 13.2% for 2009, vs. 11.3% for 2008

Stephenie Meyer

- **After 2008 (35 million copies sold worldwide)**

2009 → A SUCCESS THAT BEATS ALL EXPECTATIONS

50 million copies sold:

- ✓ 33.6 million in the USA
- ✓ 12.8 million in the UK, Australia & New Zealand
- ✓ 3.6 million in France (excluding collectors' editions)

+ rights sold in 40 countries

- **Two successful feature films (December 2008 and December 2009).**
- **A third in preparation (December 2010).**
- **Manga adaptation (due for release in March 2010).**
- **Stephenie Meyer's "Official guide" to the saga (due for release in 2010).**

France

Illustrated

- Excellent performance for Illustrated Books, driven by Astérix and Marabout.

General Literature

- Impressive recovery in General Literature (Grasset, Stock, Calmann-Lévy, Livre de Poche). Literary prizes:
    - Prix Renaudot: *Un roman français* by Frédéric Beigbeder.
    - Prix Médicis: *L'énigme du retour* by Dany Laferrière.

Education

- Good resilience from Education and Larousse.

International

- **A record year in the USA:**
  - Stephenie Meyer.
  - 130 titles in the *New York Times* lists.
  - Six literary prizes.
- **UK market share up from 15.8% to 16.4%, 3 points ahead of the no.2.**
- **Indian subsidiary: ranked no.2 after less than 12 months.**
- **Spain: market positions maintained or improved despite the recession.**
- **Joint ventures launched in China and Lebanon.**

Partworks

- **Declining in mature markets (France, UK, Spain).**
- **Good performance in Germany and Italy.**
- **Promising start-up in Russia.**

Digital

- $5m US sales in December 2009 due to sales of downloadable files, more than over the whole of 2008.
- 3.0% of full-year sales in the USA.
- Promising alliance with Apple (iPad).
- Dozens of iPhone apps (such as *Vins & Millésimes*).

Lagardère Active

Overview

2009 full-year performance:

- Net sales: €1,725m; down 18.3% on a reported basis
  down 16.6% on a like-for-like basis
- Recurring EBIT before associates: €15m on a reported basis
- Operating margin: 0.9% for 2009, vs. 9.8% for 2008

Press 2009 full-year performance

- Net sales: €1,271m; down 20.1% on a reported basis
  down 17.9% on a like-for-like basis
- Recurring EBIT before associates: €4m on a reported basis
- Operating margin: 0.3% for 2009, vs. 7.0% for 2008

Broadcast 2009 full-year performance

- Net sales: €454m; down 12.8% on a reported basis
  down 12.7% on a like-for-like basis
- Recurring EBIT before associates: €11m on a reported basis
- Operating margin: 2.4% for 2009, vs. 18.3% for 2008

Magazines – France

Circulation

- Our main weeklies gained market shares in circulation terms relative to 2008 (*Elle, Version Femina, Paris Match, Journal du Dimanche, Public, Ici Paris).*
- A highlight was an excellent kiosk sales performance by *Elle*, which achieved significant circulation growth for the fourth year running.
- In monthlies, most of our titles outperformed or matched their competitors.

Advertising

- Tough conditions in the advertising market dragged advertising revenues down by around 15.0% on a like-for-like basis.
- Overall, Lagardère Active’s market share held steady at 20.0% (TNS, gross data).
- Very good resilience was shown by *Version Femina, Paris Match, Journal du Dimanche* and *Télé7Jours.*

Lagardère ACTIVE

Magazines – International

- **The *Elle* network** has a huge lead in advertising page count over the rivals in its segment; its market share rose slightly in 2009, to 22.0% (source Magtrack).

- **United States**
  - The advertising market, especially the Auto and Shelter segments, was hit hard by the recession in 2009. However, our titles still managed to win market shares.
  - *Elle* is the no.1 in its market, overtaking *Vogue* in advertising page count over the full year.

- **Italy**
  - Italy was the European country worst affected by the contraction in the advertising industry in 2009, having moved into recession later.
  - *Gente* and *Gioia* both had a makeover, *Gente Viaggi* was discontinued, and *Musica Jazz* was sold.
  - With *Elle* and *Marie-Claire*, Lagardère Active is the unrivalled leader in Italy, the world's premier fashion market. Market shares increased again in 2009.

Magazines – International *(continued)*

Spain

- Increase in advertising market shares (on a same-titles basis).
- Good circulation results for celebrity weeklies: revenues steady in a contracting market, and in a country very badly affected by the recession.

United Kingdom

- Market leadership in upscale women's monthlies limited the fall in net sales, with a very good balance between circulation and advertising revenues.
- *Elle* overtook *Vogue* in advertising page count in 2009.

Japan

- Challenging economic conditions, but with a repositioning of the magazine portfolio towards a plurimedia environment (print, web, mobile).
- Strategic alliance agreed with the Sumitomo Corp. group (34.0%) to expand the e-commerce business.
- *Marie-Claire* discontinued part-way through the year.
- Unique visitors to Elle.jp passed the 1.5 million mark.

Lagardère ACTIVE

Magazines – International *(continued)*

Russia

- Second-largest contributor to net sales for the International Magazines business. Good mix of midscale and upscale titles kept profitability high.
- Circulation revenues increased thanks to a policy of constantly raising cover prices.

China

- *Femina* switched to weekly publication from June 2009, and has one of the highest penetrations of any women's magazine in China with a presence in more than 30 cities.

Television

- Net sales slightly down on 2008 on a like-for-like basis.

- Further very dynamic growth for DTT channels throughout the year, though this growth (excluding Gulli, which is equity-accounted) did not fully offset the drop in cable/satellite revenues.

- In May 2009, Lagardère Active launched localized versions of TiJi and Gulli in Russia.

- During 2009, Gulli had the 3rd highest audience rating among DTT channels, while Virgin 17 was up 50% on December 2008 with viewers aged 4 and over.

- Lagardère Entertainment revenues fell slightly, as good growth in unscripted programs (mainly Maximal) failed to offset fully the fall in revenues from scripted programs caused by the timing of deliveries.

Radio

- **Radio net sales down by more than 15% on a like-for-like basis**
  - France: fall of over 10%, with Europe 1 faring better than music stations.
  - International Radio: drop of more than 20%, with a sharp decline in advertising revenues in Russia and Romania in tough market conditions, while Poland resisted well thanks to a more diversified sales mix.

- **Latest Médiamétrie audience figures (November-December 2009, listeners aged 13 and over) versus the comparable period of 2008:**
  - Europe 1 (audience share 8.6%) overtook NRJ to become France's 3rd most popular radio station.
  - Virgin Radio (audience share 3.0%), with all indicators showing growth.
  - RFM (audience share 2.8%), 5th consecutive rise.

Digital

- **The Elle network** hit 15 million unique visitors per month.

- **United States**
  - Digital revenues reached 14.6% of total net sales, with a marked advance in the women's segment. Elle.com topped the 1.5 million unique visitors mark.

- **United Kingdom**
  - Strong growth in digital revenues for Digital Spy, one of the leading British sites with over 7 million unique visitors a month.

- **Russia**
  - Strong growth in digital revenues.
  - Unique visitors to Elle.ru passed the 1.2 million mark.

- **China**
  - Very strong growth in digital. Elle.cn attracted over 5 million unique visitors in December 2009.

Lagardère Services

Overview

2009 full-year performance

- Net sales: €3,387m; down 3.2% on a reported basis
  down 2.3% on a like-for-like basis
- Recurring EBIT before associates : €91m on a reported basis
- Operating margin: 2.7% for 2009, vs. 3.6% for 2008

Split by business line

- Retail: 68.3% of consolidated net sales (66.3% in 2008)
- Press Distribution: 31.7% of consolidated net sales (33.7% in 2008)

- **Revenues at Lagardère Services were hit hard during 2009 by:**

  - **The substantial contraction in the single-copy print media sales market** (2009 vs. 2007: down 10.0% in France, 16.0% in Switzerland and 8.0% in Hungary). Magazine publishers responded to the sharp fall in their advertising revenues by launching fewer new titles, breaking the cycle of product refreshment that had been the main growth driver in this market.
  - **The marked decline in air traffic**, with worldwide passenger numbers down 3.5% to end 2009 (Source: IATA).

- **In response to these adverse conditions, a cost-cutting plan and a cash protection plan were launched at the end of Q1 2009.**

Lagardère SERVICES

France

Relay France

- **Net sales growth of 1.3%:**
  - Same-stores sales virtually unchanged (up 0.4%):
    - Sharp falls in print media (down 5.1%) and phonecards (down 8.8%).
    - Reduced footfall in airports.
    - Growth in sales of food (up 4.4%) and tobacco products (up 4.0%).
    - Refurbishment and modernization of existing outlets.

  - Revenue growth driven by expansion of the network:
    - New sales outlets (including hospital cafeterias at Lille, Nîmes, Eurolines, Poitiers, etc) offset closures of unprofitable ones; net increase of 3 in the number of outlets in 2009 to 851.
    - Full-year effect of 2008 openings.
    - Diversification: in Paris, opening of 4 *Chez Jean* outlets, 3 *La Cure Gourmande* outlets, and a gift/souvenir outlet in Montmartre.

Lagardère SERVICES

France *(continued)*

Aelia

- **Net sales down 5.1% at current exchange rates and 3.2% at constant exchange rates** due to:
  - reduced air traffic (sharply down in France, by 4.7% in Paris and nearly 10.0% in the regions).
  - contraction of the network due to store closures, including 9 fashion outlets at Roissy CDG airport and 1 *Occitane* outlet at Orly Ouest.
- **Growth in International sales**:
  - up 8.9% in the UK thanks to the start-up in early 2009 of outlets on board 4 ferries between France, Ireland and Wales.
  - up 31.9% in Poland, on the full-year effect of 2008 store openings at Warsaw, Szczecin and Poznan airports and the 2 new stores in Warsaw and Krakow.

Lagardère SERVICES

Europe

Spain

- **Distribution sales down 10.4%**, with falls of 11.0% for magazines (on adverse trends in the print media market), 27.7% for partworks (due partly to a decline in the number of collections) and 14.8% for phonecards, though book sales rose by 9.6%.
- **Retail down 2.3%:**
  - Press sales outlets (network of 156 outlets at end 2009) down 5.1%, with a 9.5% drop for convenience stores (downtown and shopping malls) and a 4.5% fall for Relay travel retail stores (hit by an 8.1% contraction in airport footfall).
  - Opening of 3 *La Cure Gourmande* outlets, which contributed 2.8 points of revenue growth versus 2008.

Germany

- **Revenues up 3.7%**, driven by expansion of the network to 76 outlets; same-store sales proved resilient with a fall of just 1.1% despite the contraction in footfall (down 5.3% for the Frankfurt platform).
- Opening of 2 *Happy* outlets.

Europe *(continued)*

Belgium

- **2.5% growth in retail** thanks to optimization of the network (currently 279 outlets). Same-store sales were down 1.7% due to print media and phonecards, but sales of tobacco products rose slightly.
- **3.0% fall in distribution:** while print media fell by 3.6%, telephony reported strong growth of 7.0%. The Books business was discontinued part-way through 2009.

Switzerland

- **Retail:**
  - **Naville – modest growth of 1.1%** despite a decline in print media, thanks to good performances for tobacco products and phonecards and expansion of food sales. Closure of the *Paul* business (5 outlets).
  - **Payot bookstores achieved sales growth of 3.3%.**
- **Distribution:**
  - **Press distribution down 1.2% on a managed sales basis**, with non print media sales proving resilient (up 2.2%) while print media sales fell by 6.1%.
  - Book distribution (OLF) down 7.9%, in a quiet year for new books.

Lagardère SERVICES

Eastern Europe

Poland

- **Strong growth of 15.6% in retail** on the full-year impact of the rapid pace of store openings in 2008 (82 outlets) and the rise in taxes on tobacco products. Same-store sales fell by 5.0%.
- Development of diversification with the *Empik Café* concept (11 pilot outlets opened).
- Network of 660 outlets at end 2009.
- Distribution business discontinued in all regions.

Hungary

- Revenues down 5.4% overall.
- Retail sales 5.9% lower than in 2008.
  - Growth of 2.1% for stores operating under the *Relay* and *Inmedio* banners. Network of 334 outlets, unchanged from 2008.
  - Kiosk sales down 19.8% due to closure of 76 kiosks (network: 336 kiosks at end 2009).
  - *Costa Coffee* diversification project: 3 outlets opened in Budapest.
- Distribution down 6.8% (managed sales) in a sharply-contracting market for both print media (down 6.5%) and non print media (down 8.0%, mainly phone top-ups).

Eastern Europe (continued)

Czech Republic

- **Net sales growth of 1.0%** thanks to an increase of 6 (net of closures) in the number of outlets (including 2 *Paul* and 2 *Costa* outlets), taking the network to 171 outlets at end 2009; same-store sales were down sharply, by 7.5%.

Romania

- **Further robust growth in retail of 36.6%,** largely driven by the opening of 26 new outlets during the year.
- Diversification: network of 10 *MOA* outlets.
- Overall network of 163 outlets at end 2009.

Other Countries

North America

- **Retail activities in Canada and the United States: net sales up 7.7%** thanks to the acquisition at end 2008 of two American companies, Delstar (17 outlets) and NGSI (40 outlets). Excluding acquisitions, net sales fell by 11.4%, hit by a slump in air traffic, the end of the Newark contract and closure of unprofitable urban outlets.
- **Distribution in the United States**: The market has now stabilized following the bankruptcy of Anderson, one of America's top 4 wholesalers, in February 2009. The contracting print media market, and disruption caused by the Anderson bankruptcy, dragged revenues down by more than 19.0% at the Curtis brokerage business; the effect was exacerbated by unfavorable exchange rate effect on exports to Canada.

Asia-Pacific

- **Expansion in Australia, Hong Kong, Singapore, China and Taiwan** following successful bids for a number of concessions: 166 outlets at end 2009 (including 102 in Australia, 17 in Hong Kong, 17 in Singapore), vs. 140 at end 2008.
- **Net sales up 6.5% at constant exchange rates**, including the favorable impact of the March 2008 acquisition of Purely Group in Australia.

Lagardère Sports

Overview

2009 full-year performance

- Net sales: €507m; up 14.2% on a reported basis
  down 10.1% on a like-for-like basis
- Recurring EBIT before associates: €56m on a reported basis
- Operating margin: 11.0% for 2009, vs. 16.9% for 2008

Significant Events of 2009

Organization

The sport industry was not spared the effects of the worldwide recession in 2009, and Lagardère Sports responded with a policy focused on integration and organizational restructuring:

- **Temporary halt in the acquisitions strategy** pursued over the past 4 years, which included Sportfive and IEC in 2007 and Upsolut, PR Event and World Sport Group in 2008.
- **Development of operational synergies between subsidiaries**, in particular the pooling of audiovisual production resources (Sportfive, IEC and World Sport Group) and some commercial collaborations (for example, the World Athletics Championships with Sportfive and IEC).
- **Reorganization of Sportfive into three complementary divisions** with the creation of Sportfive France-Africa, Sportfive Germany and Sportfive International, to better serve the needs of an ever more complex market.

Significant Events of 2009

Media Rights

- The Media Rights business resisted fairly well in the first half of 2009 but deteriorated in the second, especially in Europe.
- The worsening market conditions triggered a sharp **contraction in prices in Europe**, a trend exacerbated by the collapse of the UK broadcaster Setanta.
- However, the **buoyancy of the Asian market** cushioned the impact of the recession on Lagardère Sports, thanks largely to the commercial successes of World Sport Group.
- Lagardère Sports continued **to build its portfolio of premium rights**, obtaining the rights to the following events:
  - ✓ Olympic Games (Sotchi 2014, Rio de Janeiro 2016) for 40 European territories (Sportfive).
  - ✓ World Athletics Championships (IAFF) 2010-2013, for Europe and Africa (IEC).
  - ✓ Renewal of Asian football contract (AFC), 2013-2020 (World Sport Group).

Significant Events of 2009

Marketing Rights

- **Marketing activities proved resilient** in a challenging advertising environment.
- In Europe, **Sportfive** was able **to retain** or **replace** most of the **partners** of its German and French football clubs.
- **Long-term exclusive marketing contracts** were signed or renewed with football clubs such as Paris Saint-Germain (10 years), Toulouse Football Club (9 years) and Dynamo Dresden (10 years).
- World Sport Group **consolidated its leading position in Asia** with an extension to the Asian Football Contract (AFC) for the 2013-2020 period and the launch of the OneAsia Super Series (golf circuit), which included 6 tournaments in 2009 and will expand to 11 in 2010.

Significant Events of 2009

Events

- During the year, **Lagardère Sports events proved a success with the public**, and new competitions were launched.
- In the current market conditions, new projects (the WTA tennis tournament in Bastad, and the Washington and London triathlons) found it difficult to secure commercial partners.
- Conversely, **established events** such as the Bastad ATP 250 tennis tournament, the Hamburg triathlon, the Vattenfall Cyclassics and the Berlin Skoda Velothon **proved relatively recession-proof**.
- As part of the rationalization of our tennis assets, we have sold the Moselle ATP 250 tournament to the Regional Authority, and will be taking over the organization of the Stockholm ATP 250 tournament from 2010 (PR Event / IEC).
- Sportfive launched a new subsidiary, The Sports Promoters, specializing in the creation and organization of sporting events.