



*Lagardère*

# 2005 Full-Year Results

**GENERAL MEETING**

May 2, 2006



# Dominique D'Hinnin, Chief Financial Officer



# Consolidated financial statements 2005

# Main changes in scope of consolidation

2006 Annual Meeting

Books	<b>Full consolidation of British publisher <i>Hodder Headline</i> (included from October 1 only in 2004).</b>
Press	<b>Proportionate consolidation (49%) of <i>Psychologies Magazine</i> (included from July 1 only in 2004).</b>
Distribution Services	<b>Full consolidation from November 1, 2005 of newly-acquired businesses in the Asia-Pacific region.</b>
Lagardere Active	<b>January 2005: swap with Canal Plus Group of the cross-holdings in MultiThématiques and Lagardère Thématiques. Lagardère sold its 30% stake in MultiThématiques to Canal Plus, and increased its stake in Lagardère Thématiques from 51% to 100%. In 2004, MultiThématiques was accounted for as an associate (equity-accounted), and Lagardère Thématiques was fully consolidated.</b>  <b>Full consolidation of Polish radio station Eurozet, versus proportionate consolidation (49%) in 2004.</b>



# Main changes in scope of consolidation

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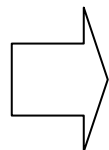
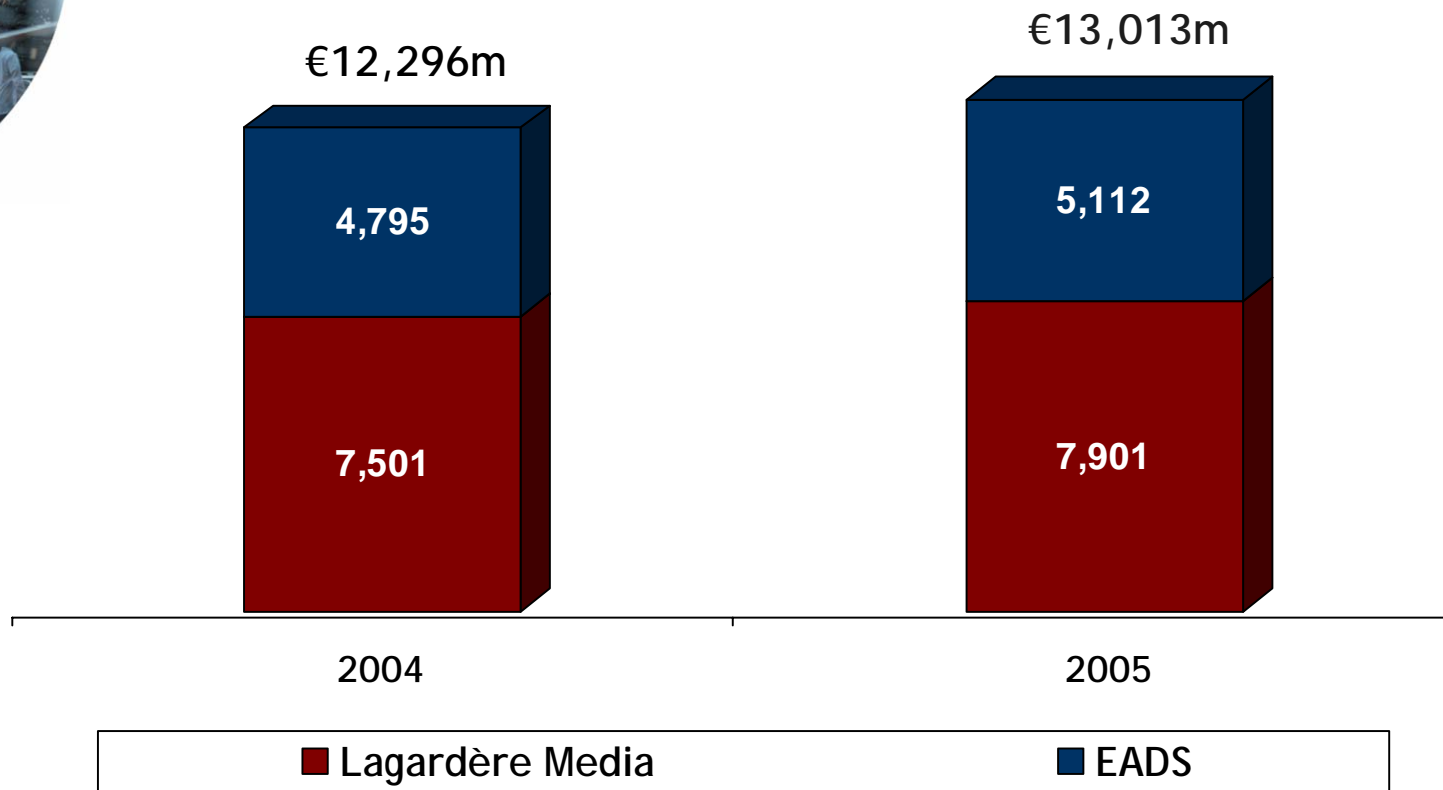
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Other Activities	Divestment of the activities of Arjil & Associés at the end of 2004.
EADS	The rate used for the proportionate consolidation of EADS was 14.95% for 2005, vs 15.10% for 2004 (resulting mainly from the exercise of employee stock options).



# Net sales by division

2006 Annual Meeting



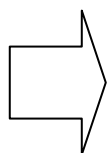
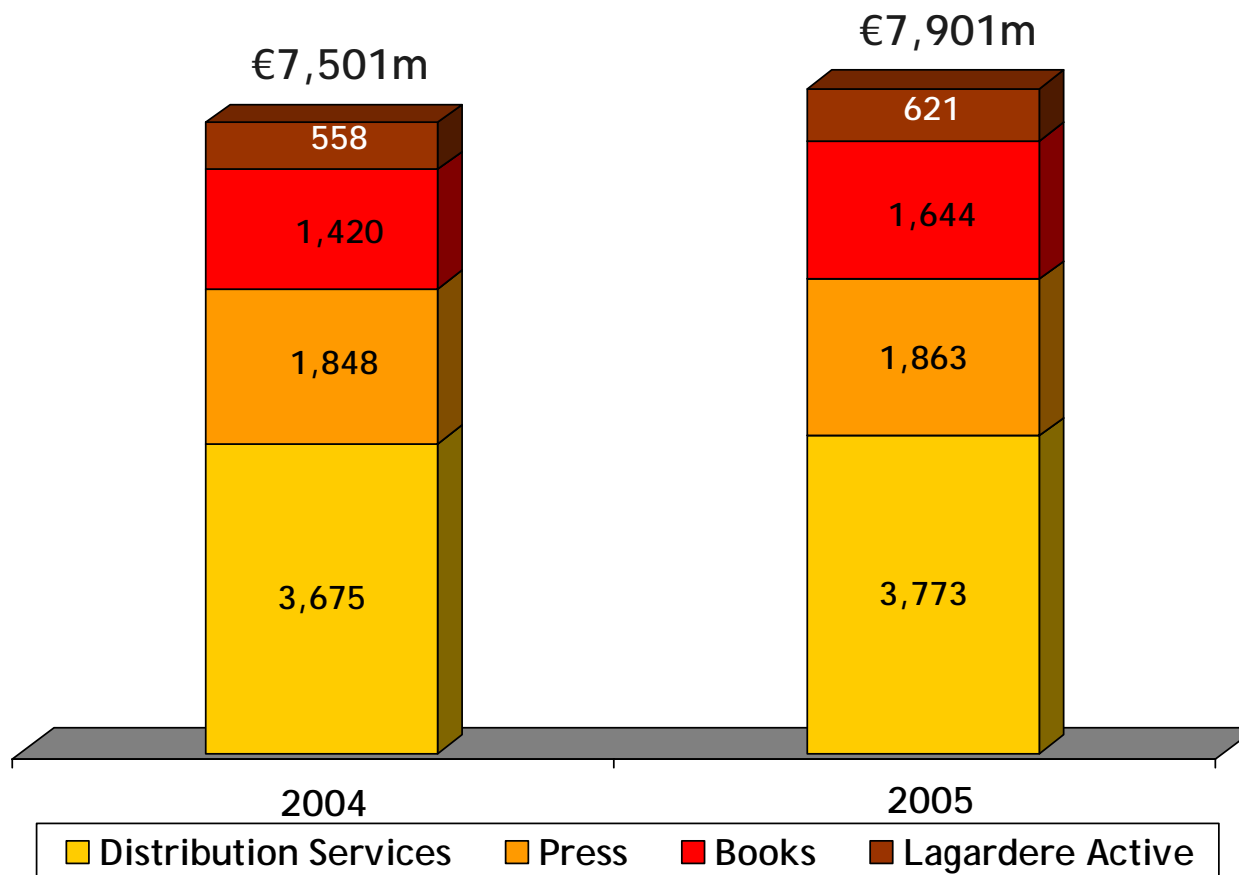
5.8% growth on a consolidated basis

5.3% growth for *Lagardère Media*



# Lagardère Media – Net sales by business segment

2006 Annual Meeting

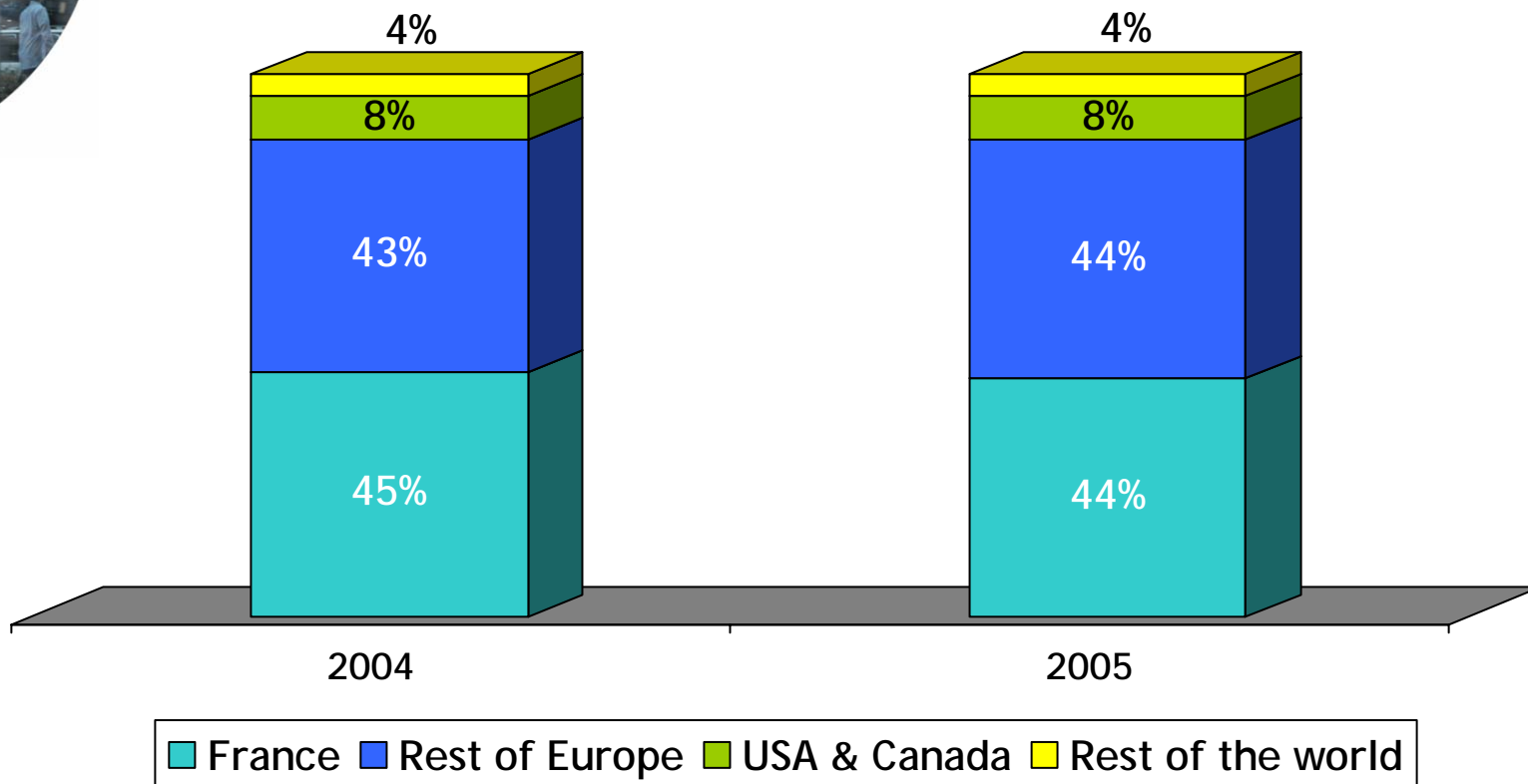


- Growth on a like-for-like basis: 2.5%
- Impact of consolidation of *Hodder Headline* in 2005: €176m



# Lagardère Media – Net sales by geographical area

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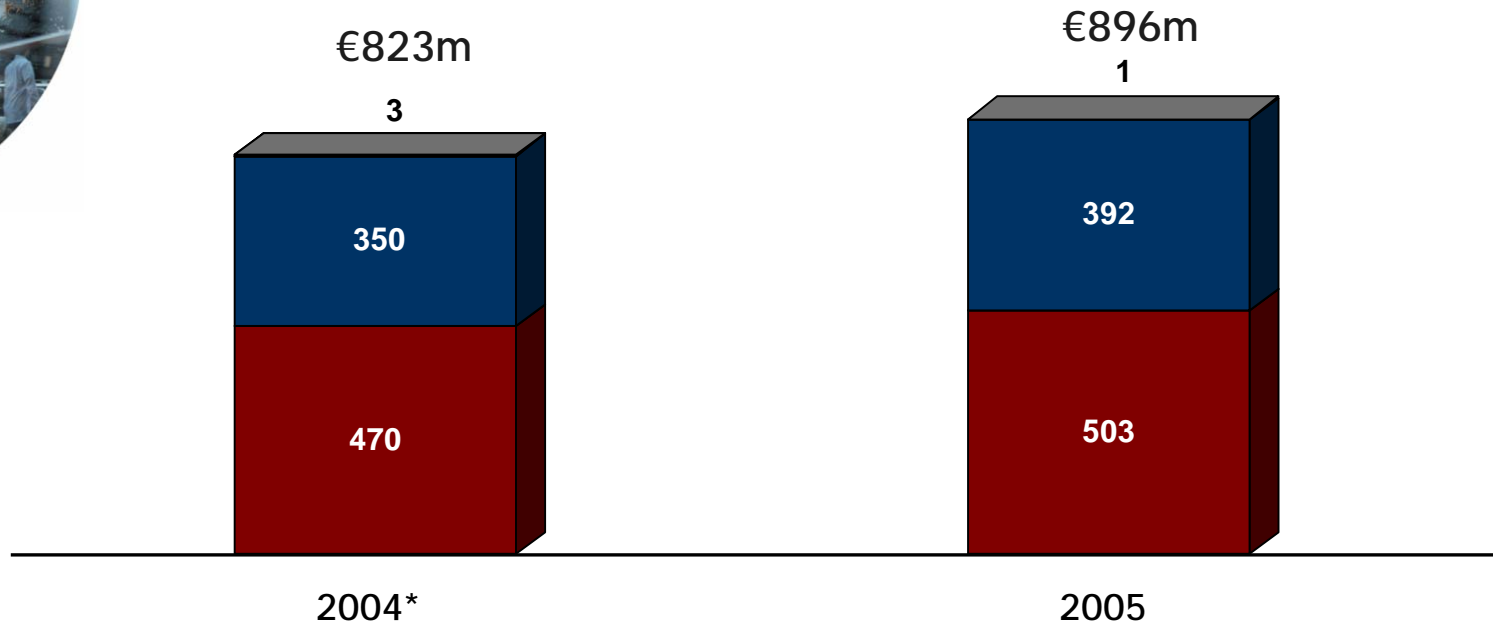




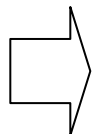


# Recurring EBIT before associates by division

2006 Annual Meeting



\* After reallocating 2004 corporate costs recharged to Lagardère Media by “Other activities” using 2005 allocation rates



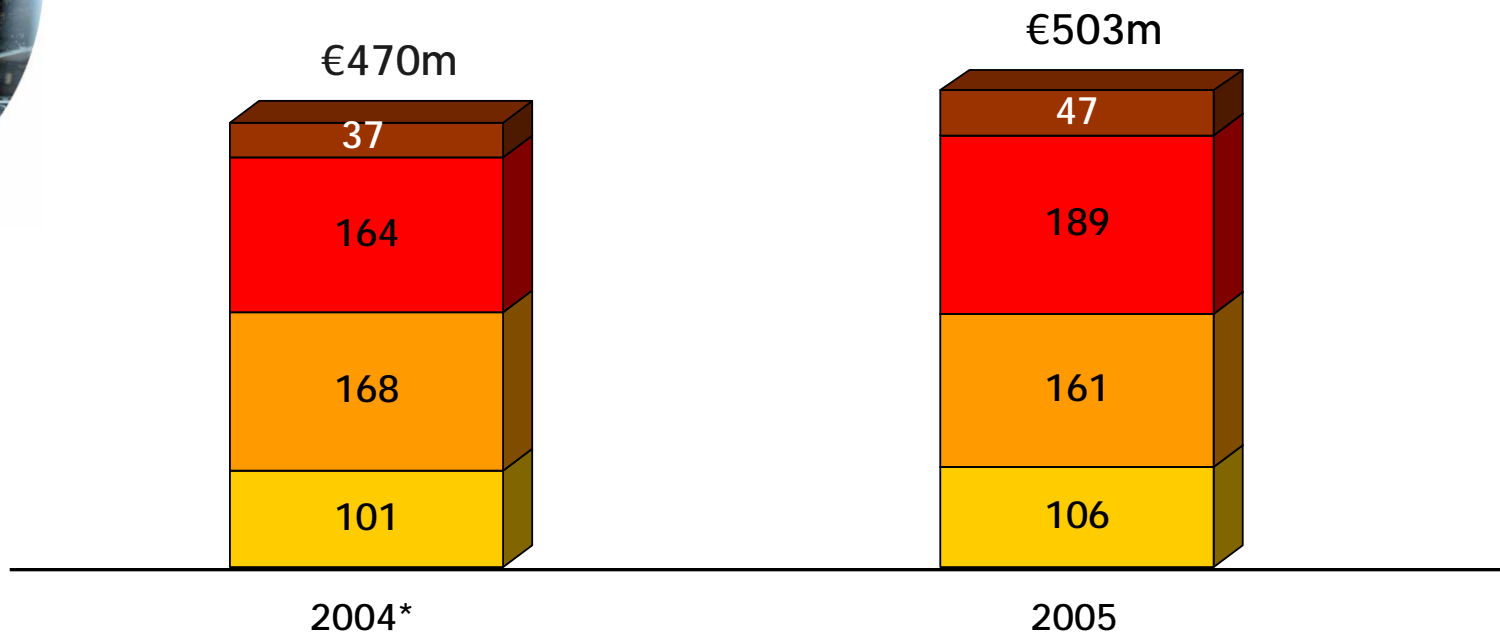
- Growth in recurring EBIT before associates: 8.9%
- Lagardère Media growth in recurring EBIT before associates: 7.1%



# Lagardère Media

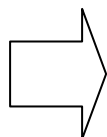
## Recurring EBIT before associates by business segment

2006 Annual Meeting



\* After reallocating 2004 corporate costs recharged to Lagardère Media by “Other Activities” using 2005 allocation rates

■ Distribution Services    ■ Press    ■ Books    ■ Lagardere Active

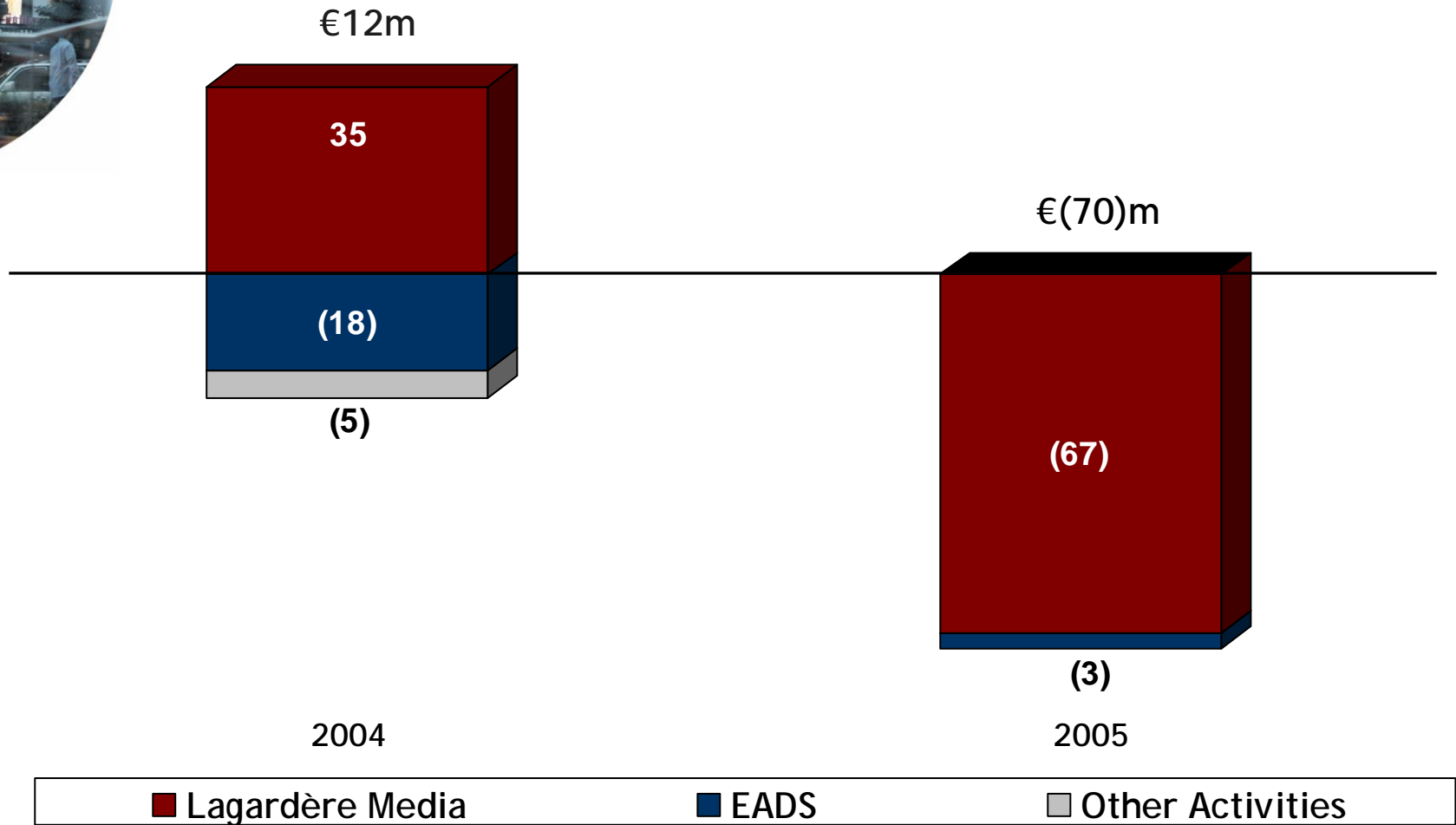


- Cost of stock option plans: €22m for 2005, €10m for 2004
- Growth in recurring EBIT before associates: 7.1%  
10.3% before cost of stock option plans and cost of investment in Digital Terrestrial Television, and based on a euro/dollar exchange rate of 1.30



# Non-recurring items

2006 Annual Meeting





# Non-recurring items by type

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Media & Other Activities

€30m

7

104

EADS

(18)

(72)

(9)

2004

Media & Other Activities

€(67)m

17

EADS


(3)


(59)

(25)

2005

 EADS

 Net gain/(loss) on disposals

 Impairment of PP&E, goodwill and intangibles

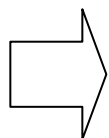
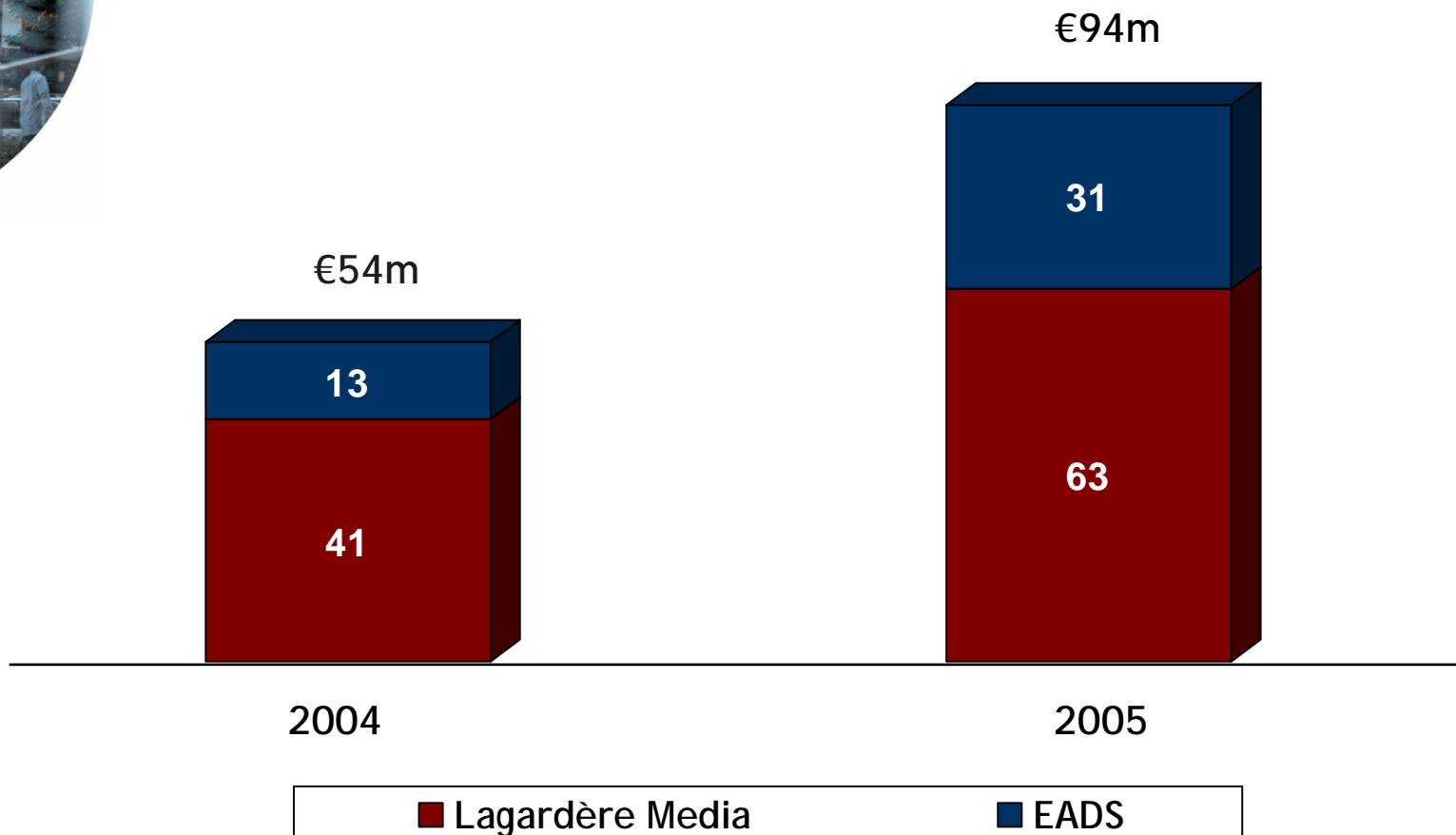
 Restructuring costs

 Reversal of provision: investment in T-Online



# Income from associates by division

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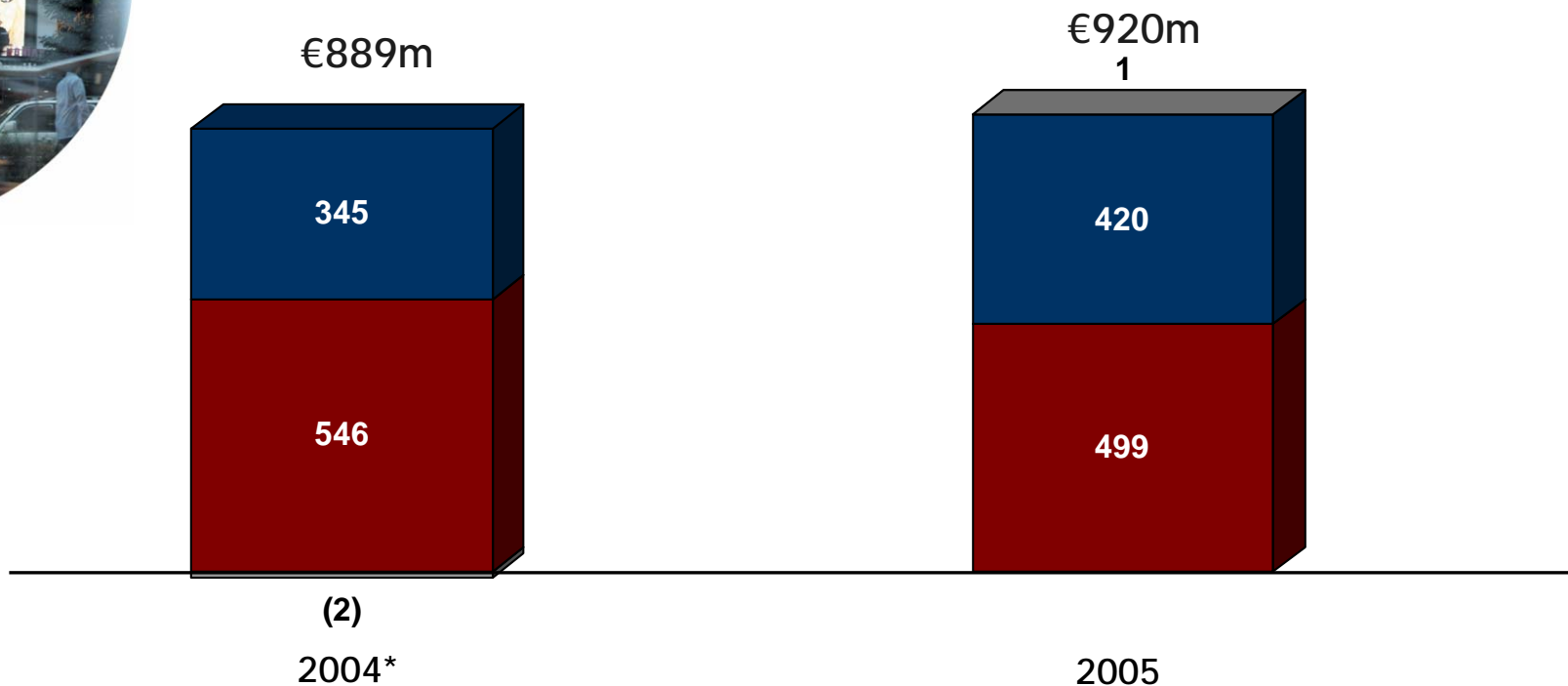


- CanalSat contribution: €45m in 2005, €39m in 2004

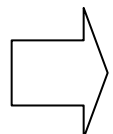


# Earnings before interest & taxes (EBIT) by division

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\* After reallocating 2004 corporate costs recharged to Lagardère Media by “Other Activities” using 2005 allocation rates

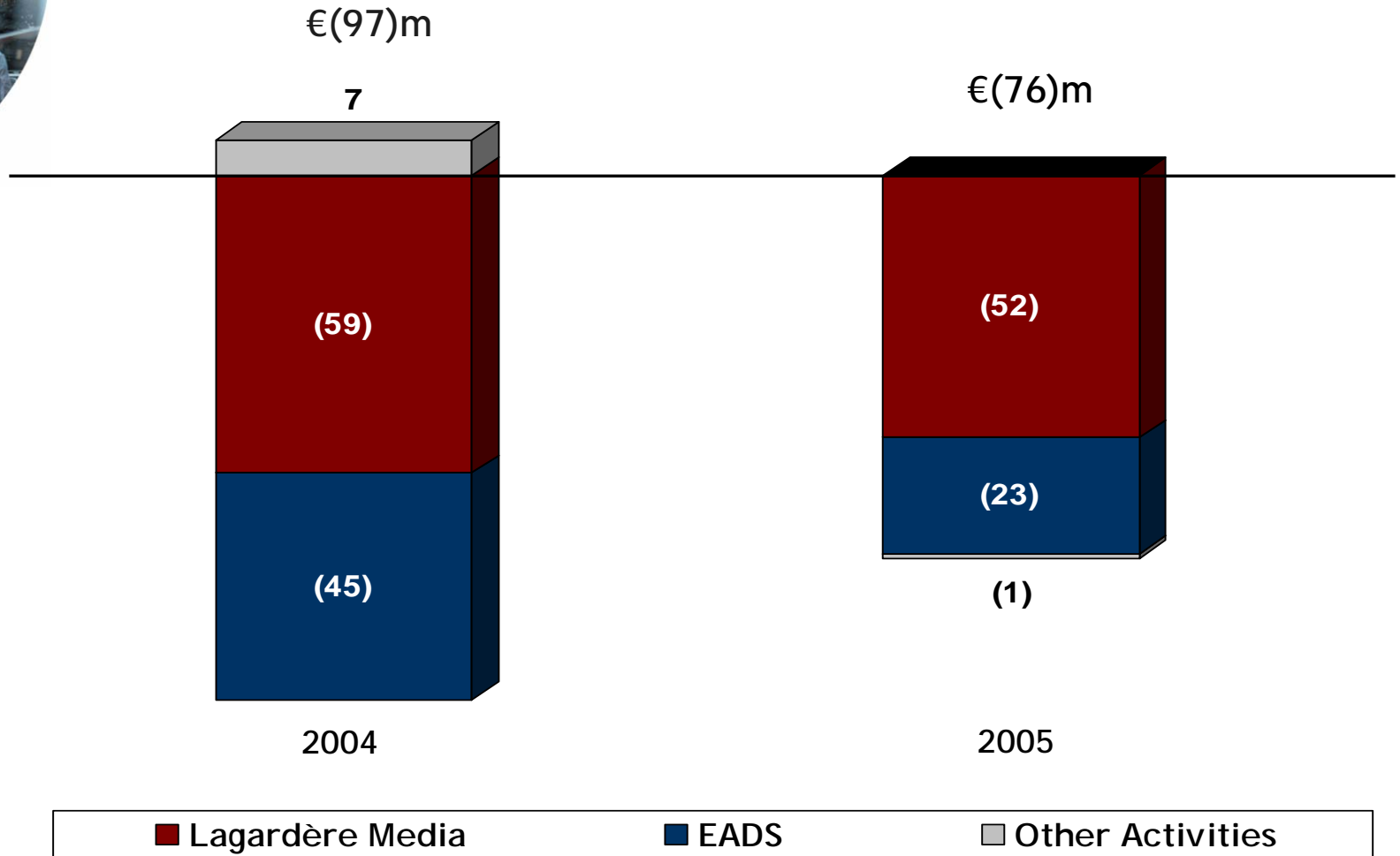


- Excluding the impact of the reversal of the €104m T-Online provision in 2004, Lagardère Media EBIT growth would have been 12.9%



# Finance costs, net by division

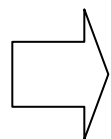
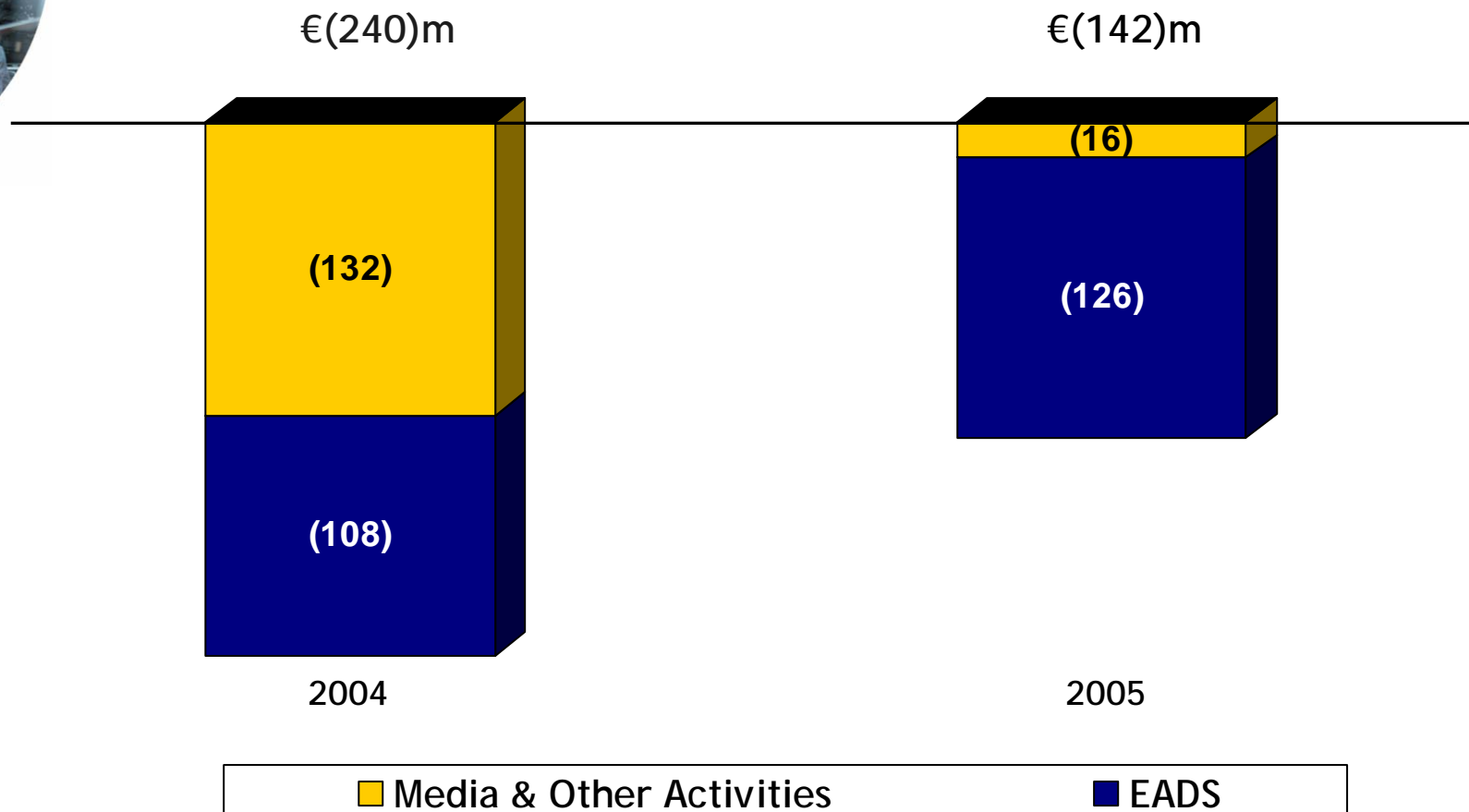
2006 Annual Meeting





# Income taxes

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Positive effect of non-recurring items for Media & Other Activities in 2005: €99m



# Consolidated Profit & Loss Statement

2006 Annual Meeting

(M€)	2004			2005		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Net sales	7,501	4,795	12,296	7,901	5,112	13,013
<b>EBIT</b>	<b>544</b>	<b>345</b>	<b>889</b>	<b>500</b>	<b>420</b>	<b>920</b>
Finance costs, net	(52)	(45)	(97)	(53)	(23)	(76)
Income tax expense	(132)	(108)	(240)	(16)	(126)	(142)
<b>Net income before minority interests</b>	<b>360</b>	<b>192</b>	<b>552</b>	<b>431</b>	<b>271</b>	<b>702</b>

<b>Net income</b>	<b>335</b>	<b>160</b>	<b>495</b>	<b>404</b>	<b>266</b>	<b>670</b>
Minority interests	25	32	57	27	5	32

# Adjusted net income, excluding EADS

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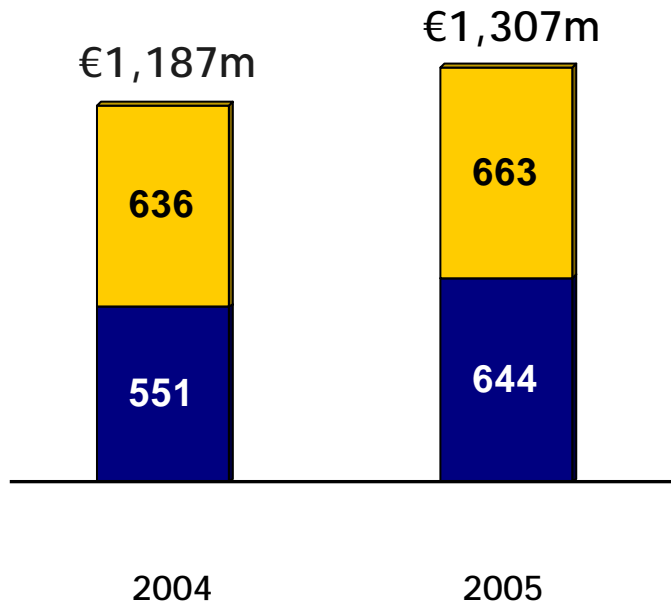
(€m)	2004	2005
<u>Net income excluding EADS</u>	<u>335</u>	<u>404</u>
Non-recurring tax effects	0	(99)
Reversal of provision for T-Online shares, net of tax	(88)	0
<u>Adjusted net income excluding EADS</u>	<u>247</u>	<u>305</u>
Impairment losses on PP&E, goodwill and intangible assets (net of minority interest)	85	55
<u>Adjusted net income excluding EADS (before impairment losses on PP&amp;E, goodwill and intangible assets)</u>	<u>332</u>	<u>360</u>



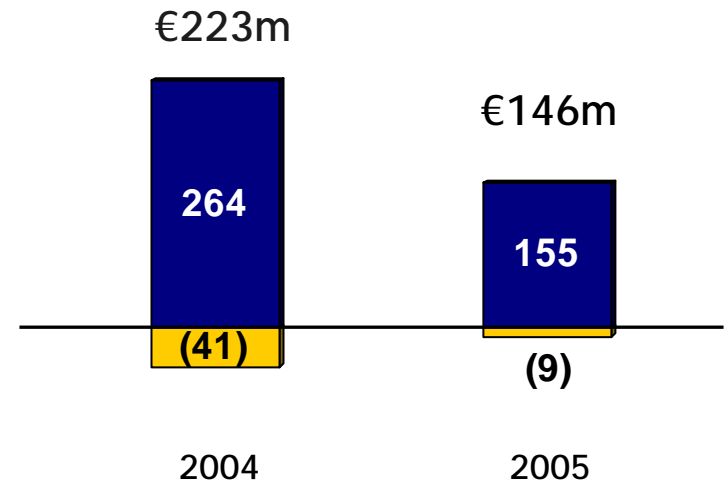
# Cash flow from operations

2006 Annual Meeting

Cash flow from operations before interest, taxes and changes in working capital



Changes in working capital



# Cash flow Statement

2006 Annual Meeting

(M€)	2004			2005		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Cash flow from operations before interest, taxes and changes in working capital	636	551	1,187	663	644	1,307
Changes in working capital	(41)	264	223	(9)	155	146
<b>Net cash flow from operations</b>	<b>595</b>	<b>815</b>	<b>1,410</b>	<b>654</b>	<b>799</b>	<b>1,453</b>
Interest paid & received, income taxes paid	(203)	(52)	(255)	(209)	(29)	(238)
<b>Net cash flow from operations after interest &amp; taxes</b>	<b>392</b>	<b>763</b>	<b>1,155</b>	<b>445</b>	<b>770</b>	<b>1,215</b>
<b>Investments</b>	<b>(640)</b>	<b>(681)</b>	<b>(1,321)</b>	<b>(248)</b>	<b>(578)</b>	<b>(826)</b>
<i>Intangible assets &amp; PP&amp;E</i>	<i>(216)</i>	<i>(554)</i>	<i>(770)</i>	<i>(164)</i>	<i>(427)</i>	<i>(591)</i>
<i>Financial assets</i>	<i>(424)</i>	<i>(127)</i>	<i>(551)</i>	<i>(84)</i>	<i>(151)</i>	<i>(235)</i>
<b>Disposals</b>	<b>723</b>	<b>112</b>	<b>835</b>	<b>78</b>	<b>176</b>	<b>254</b>
<i>Intangible assets &amp; PP&amp;E</i>	<i>24</i>	<i>17</i>	<i>41</i>	<i>14</i>	<i>53</i>	<i>67</i>
<i>Financial assets</i>	<i>699</i>	<i>95</i>	<i>794</i>	<i>64</i>	<i>123</i>	<i>187</i>
<b>(Purchase)/disposal of short-term investments</b>	<b>(12)</b>	<b>(11)</b>	<b>(23)</b>	<b>582</b>	<b>(123)</b>	<b>459</b>
<b>Net cash flow from investing activities</b>	<b>71</b>	<b>(580)</b>	<b>(509)</b>	<b>412</b>	<b>(525)</b>	<b>(113)</b>
<b>Net cash flow from operating &amp; investing activities</b>	<b>463</b>	<b>183</b>	<b>646</b>	<b>857</b>	<b>245</b>	<b>1,102</b>

# Consolidated balance sheet

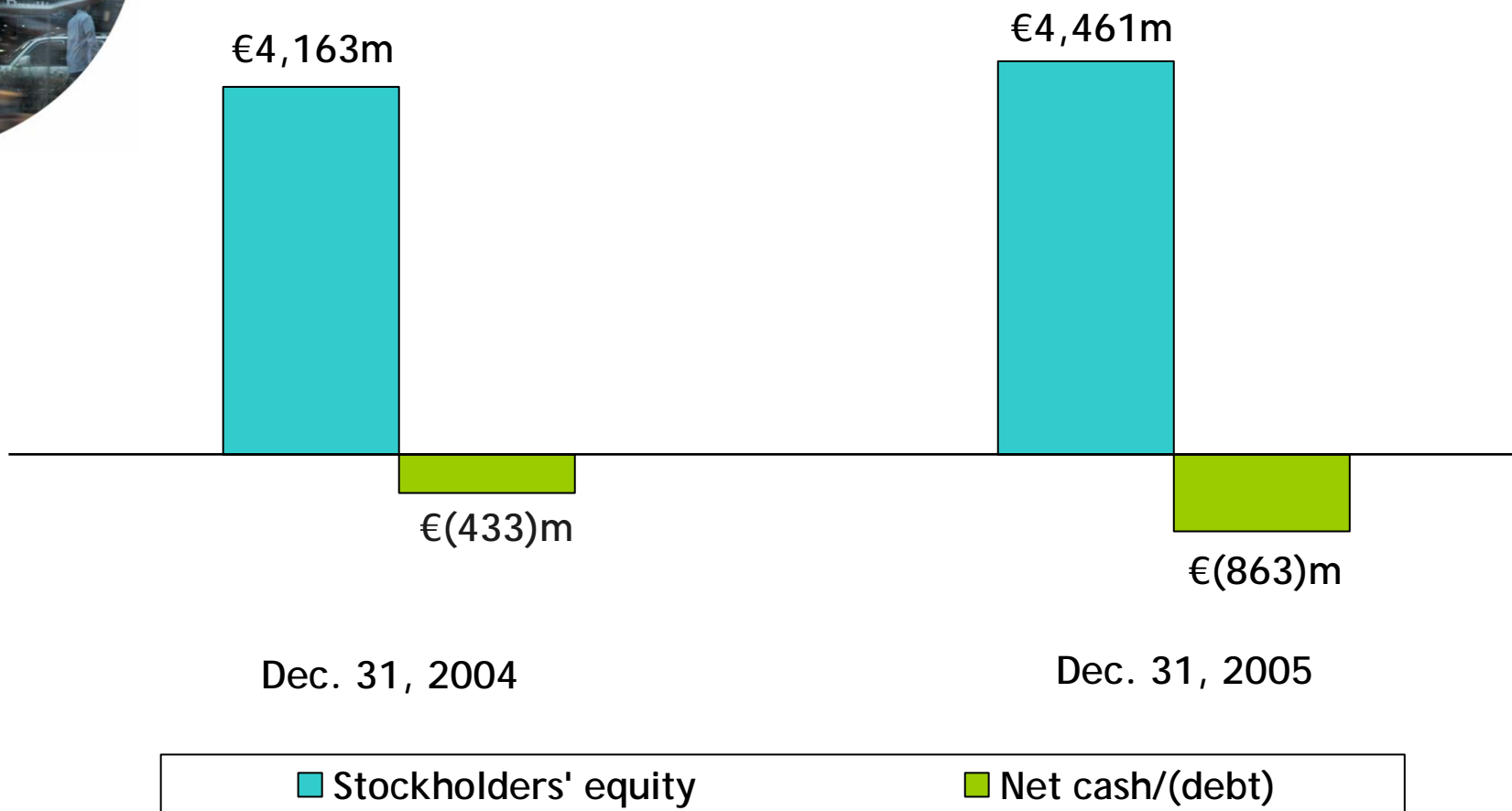
2006 Annual Meeting

(€m)	December 31, 2004			December 31, 2005		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
<b>Non-current assets</b>	5,573	3,618	9,191	5,802	4,654	10,456
<b>Current assets</b>	4,438	4,337	8,775	3,463	5,070	8,533
<i>of which short term investments &amp; cash</i>	<i>1,957</i>	<i>1,414</i>	<i>3,371</i>	<i>849</i>	<i>1,498</i>	<i>2,347</i>
<b>TOTAL ASSETS</b>	<b>10,011</b>	<b>7,955</b>	<b>17,966</b>	<b>9,265</b>	<b>9,724</b>	<b>18,989</b>
<b>Stockholders' equity</b>	2,945	1,218	4,163	3,143	1,318	4,461
<b>Non-current liabilities</b>	2,695	3,126	5,821	2,170	3,671	5,841
<i>of which financial debt</i>	<i>1,819</i>	<i>665</i>	<i>2,484</i>	<i>1,280</i>	<i>627</i>	<i>1,907</i>
<b>Current liabilities</b>	4,371	3,611	7,982	3,952	4,735	8,687
<i>of which financial debt</i>	<i>1,211</i>	<i>109</i>	<i>1,320</i>	<i>644</i>	<i>659</i>	<i>1,303</i>
<b>TOTAL STOCKHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>10,011</b>	<b>7,955</b>	<b>17,966</b>	<b>9,265</b>	<b>9,724</b>	<b>18,989</b>



# Stockholders' equity and net cash/(debt)

2006 Annual Meeting





# Net debt

2006 Annual Meeting

(€m)	Dec 31, 2004	Change	Dec 31, 2005
<b><u>Net debt</u></b>	<u>433</u>	<u>430</u>	<u>863</u>
EADS net cash	640	(428)	212
T-Online	626	(581)	45
<b>Net debt (excluding EADS &amp; T-Online)</b>	<b>1,699</b>	<b>(579)</b>	<b>1,120</b>