



Lagardère

- *Annual General Meeting - April 27, 2007*
- **2006 Annual Results**



Warning

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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 labour 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.



Dominique D'Hinnin
Chief Financial Officer



Consolidated financial statements: 2006

Main changes in scope of consolidation



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Books	<p>Full consolidation from April 1, 2006 of the newly-acquired <i>Time Warner Book Group</i>, comprising <i>Time Warner Book Group Inc.</i> in the USA and <i>Time Life Entertainment Group Ltd</i> in the UK.</p> <p>Full consolidation from March 6, 2006 of <i>Philip Allan Updates</i>, acquired by our UK subsidiary <i>Hodder Headline</i>.</p> <p>Sale and deconsolidation from January 1, 2006 of <i>Editions Dalloz</i>.</p>
Distribution Services	<p>Full consolidation of <i>HDS Retail Czech Republic</i>, which was 50% proportionately consolidated in 2005.</p> <p>Full consolidation of point-of sale activities of <i>HDS Hong Kong</i>, which was only consolidated from November 1 in 2005.</p> <p>Sale and deconsolidation from January 1, 2006 of the German distributor <i>Saarbach</i>.</p>

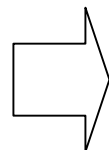
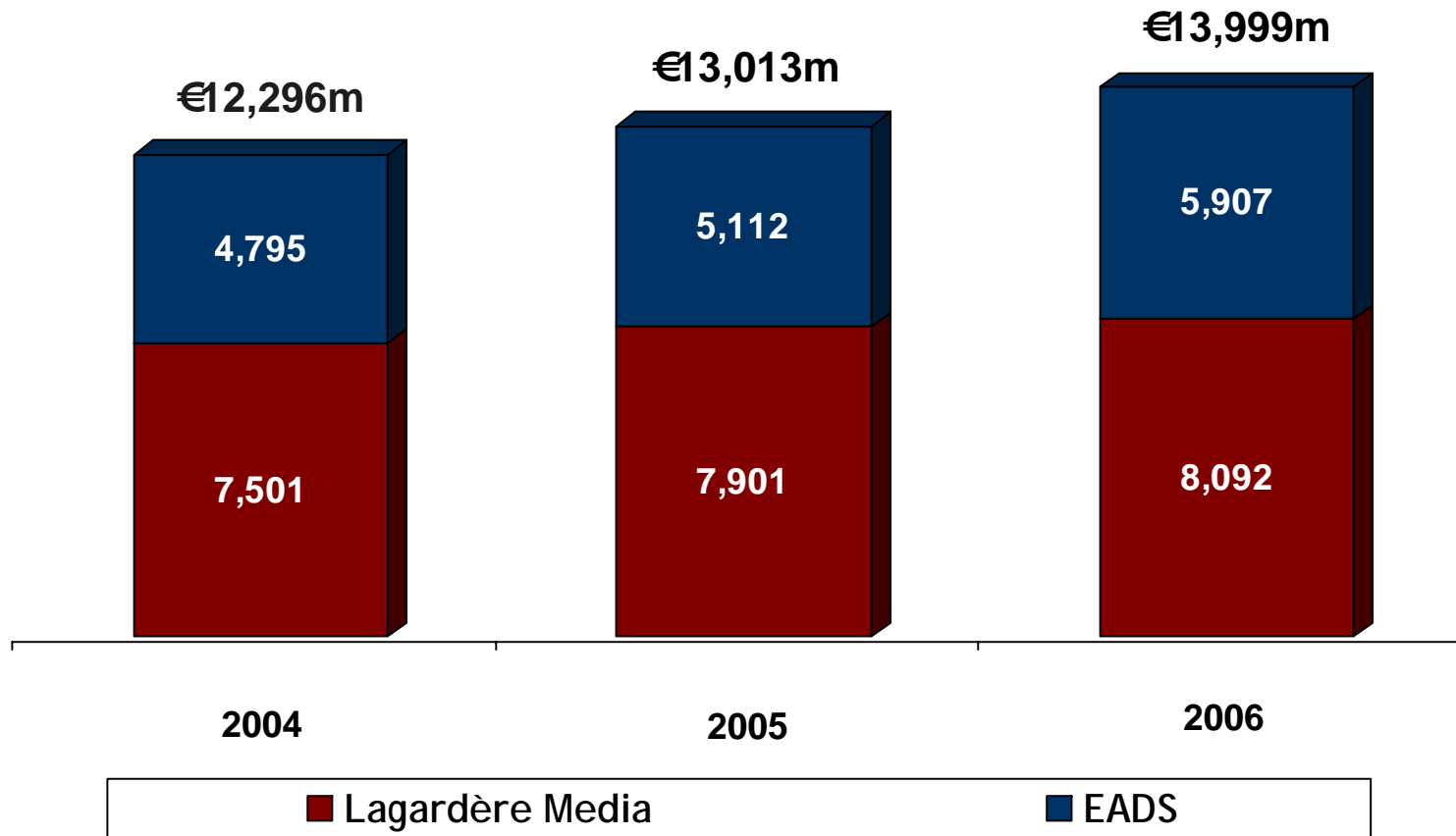
Main changes in scope of consolidation



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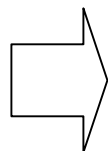
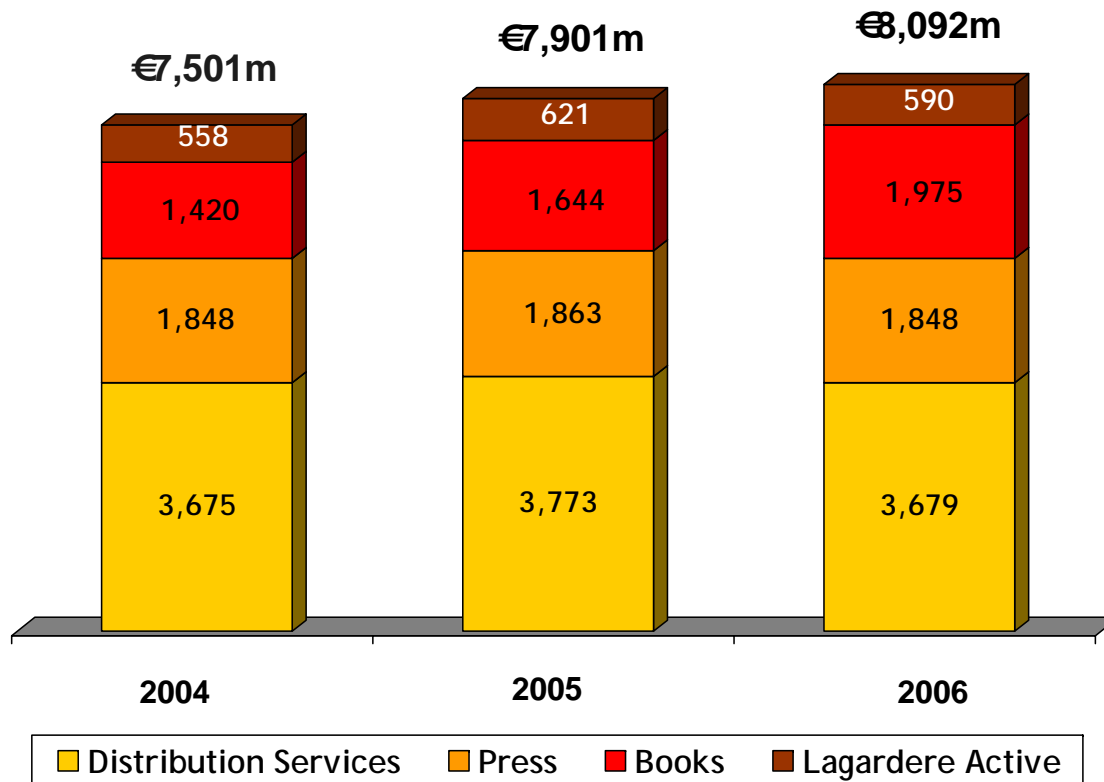
<p>Lagardere Active</p>	<p>Acquisition of 4 radio stations in Russia, fully consolidated from March 1, 2006.</p> <p>U.S. group <i>Cellfish</i>, Lagardere Active's mobile telephony business, accounted for as an associate (equity method) from October 1, 2006; previously, this entity was fully consolidated.</p> <p>January 4, 2007: acquisition of 20% interest in <i>Canal+ France</i> via the transfer on that date of our 34% interest in <i>CanalSat</i> and via the acquisition of shares for €469m on December 19, 2006. At December 31, 2006, the 34% interest in <i>CanalSat</i> was still accounted for as an associate (equity method), and the shares acquired on 19 December 2006 were included in "Investments in non-consolidated companies". In 2007, the 20% interest in <i>Canal+ France</i> will be accounted for as an associate.</p>
<p>EADS</p>	<p>As a result of changes in the number of shares outstanding (due largely to the exercise of employee stock options), the percentage used for the proportionate consolidation of EADS was 14.98% in 2006, versus 14.95% in 2005 and 15.10% in 2004.</p>

Net sales by division



7.6% growth on a consolidated basis
2.4% growth for *Lagardère Media*

Net sales by business segment



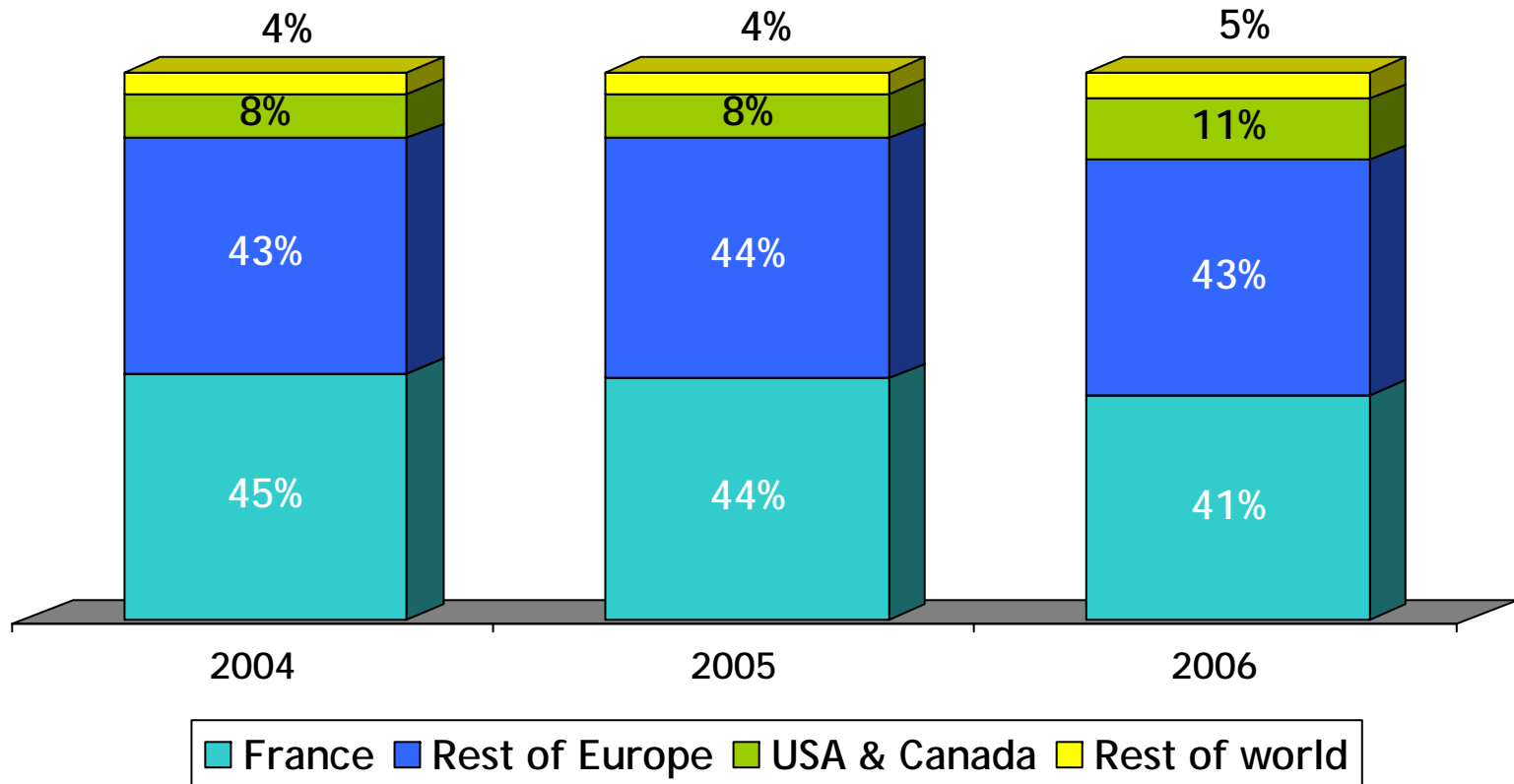
- 0.9% growth on a like-for-like basis
- 2006 impact of first-time consolidation of *Time Warner Book Group*: +€336m, and of changes in terms of contracts between *HDS* and certain Belgian customers: -€173m

Lagardère Media - Net sales by geographical area

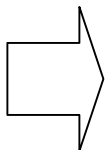
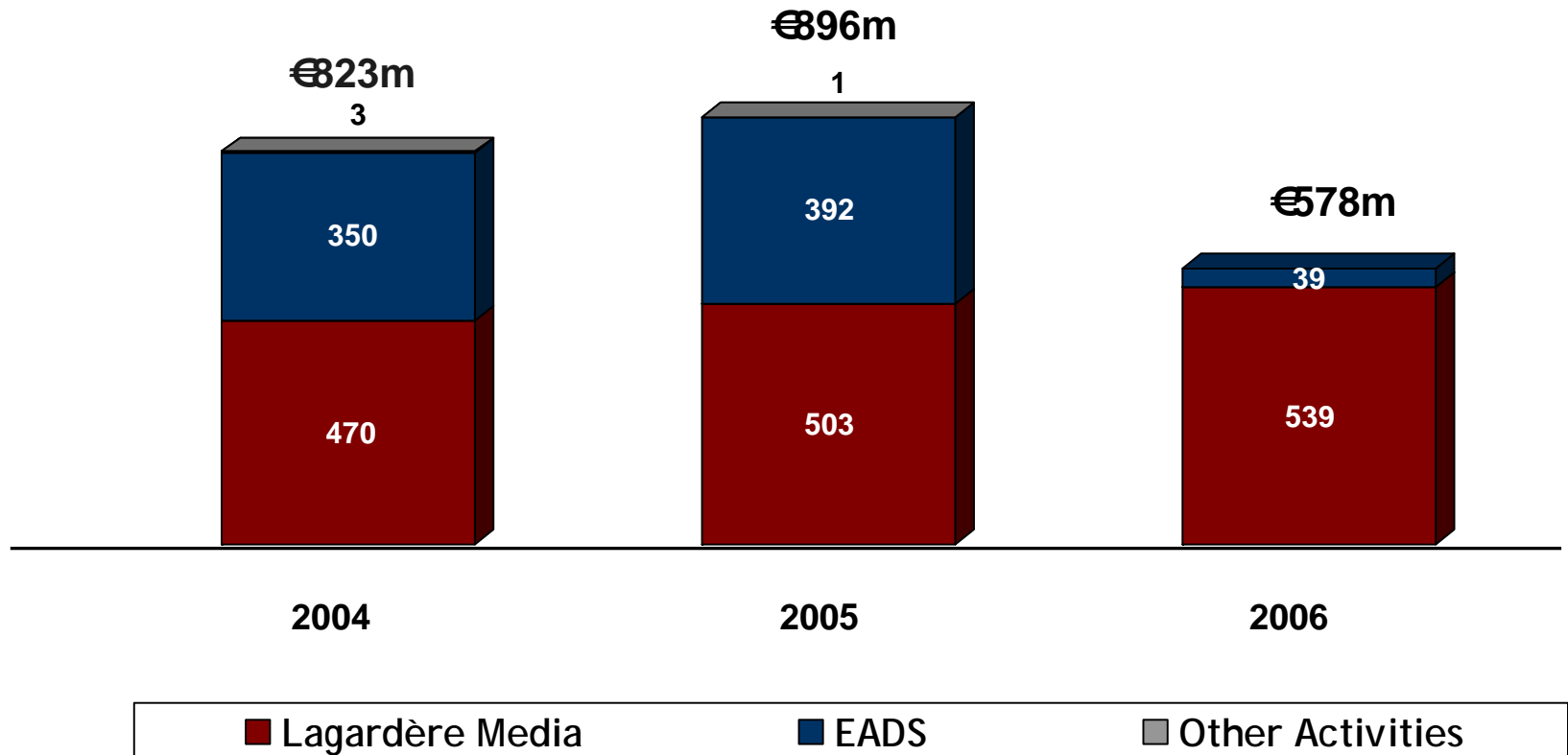
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Recurring EBIT before associates by division



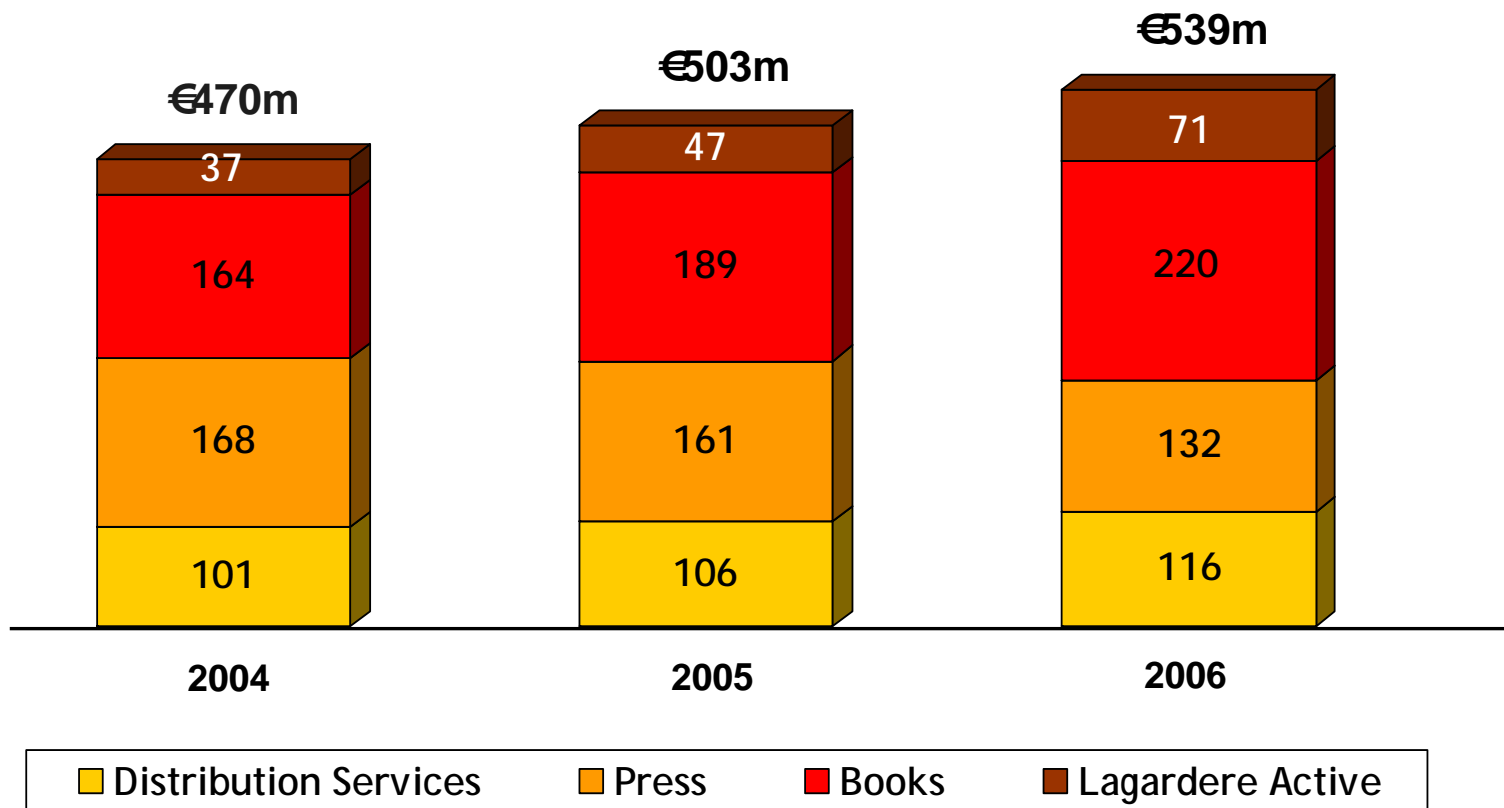
- Recurring EBIT before associates down 35.4%
- Lagardère Media recurring EBIT before associates up 7.0%

Lagardère Media - Recurring EBIT before associates by business segment

Lagardère



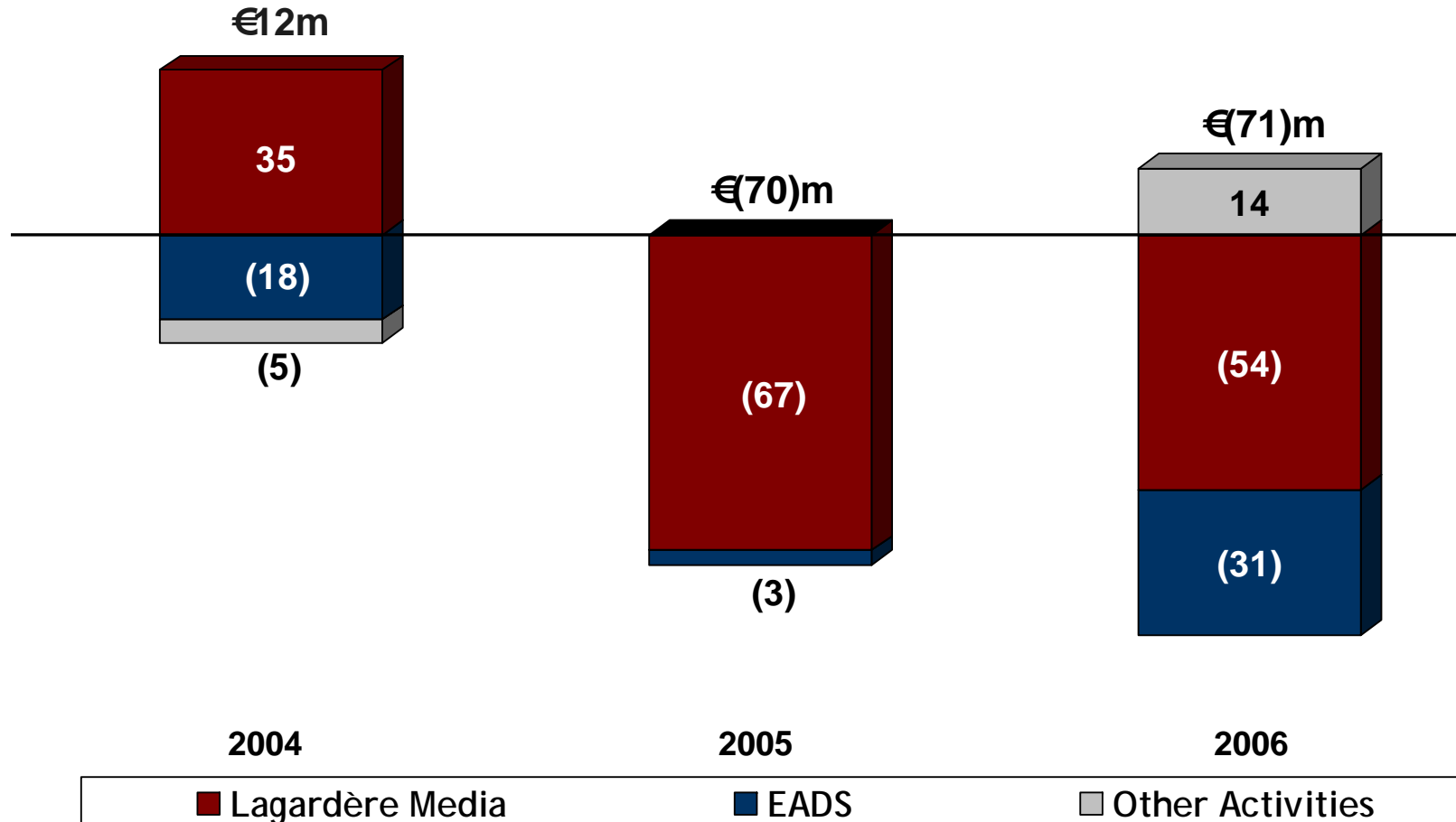
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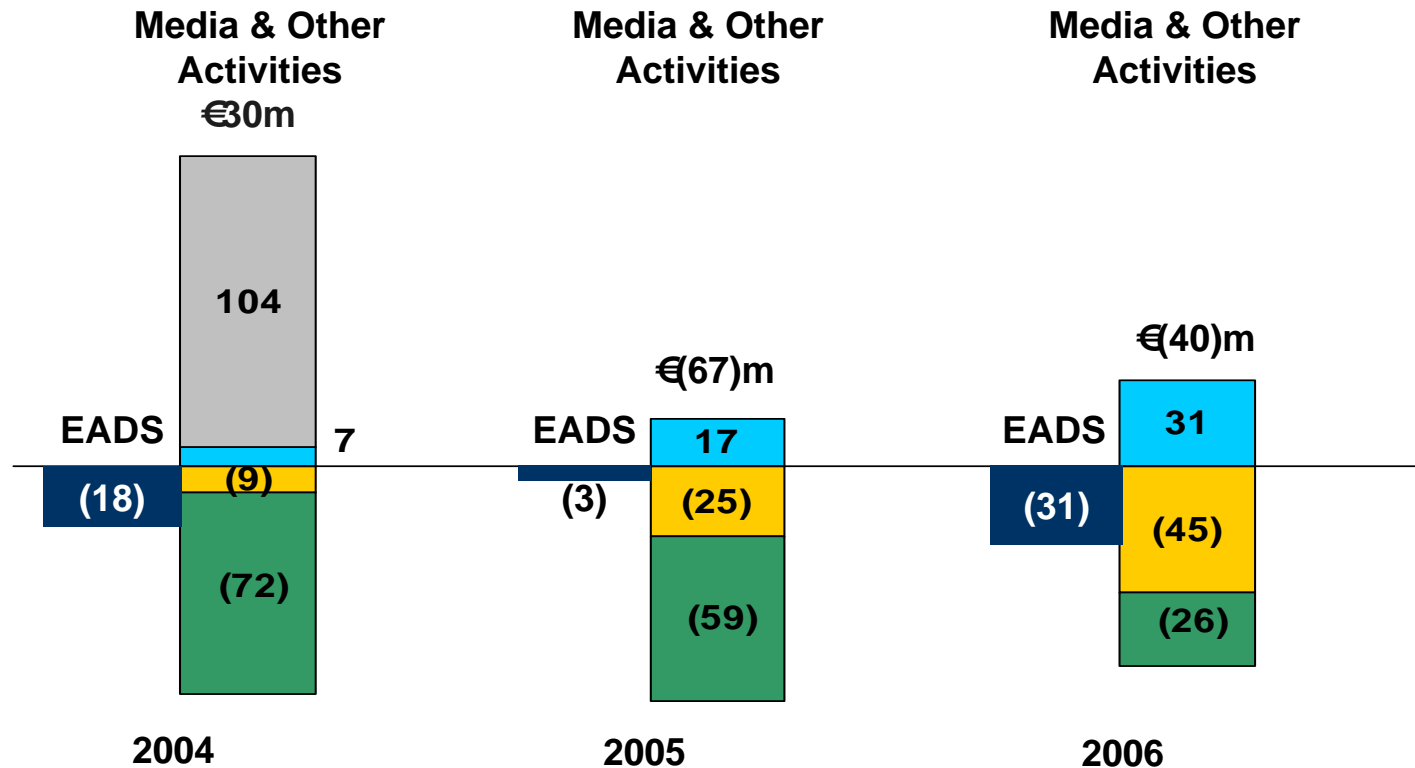
- 7.0% growth in recurring EBIT before associates

- 4.8% growth after excluding the impact of (i) investment in digital terrestrial TV, (ii) the sale of *Dalloz* and (iii) the acquisition of *Time Warner Book Group*, and based on a constant euro/dollar exchange rate of 1.25.

Non-recurring items



Non-recurring items by type



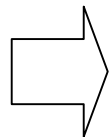
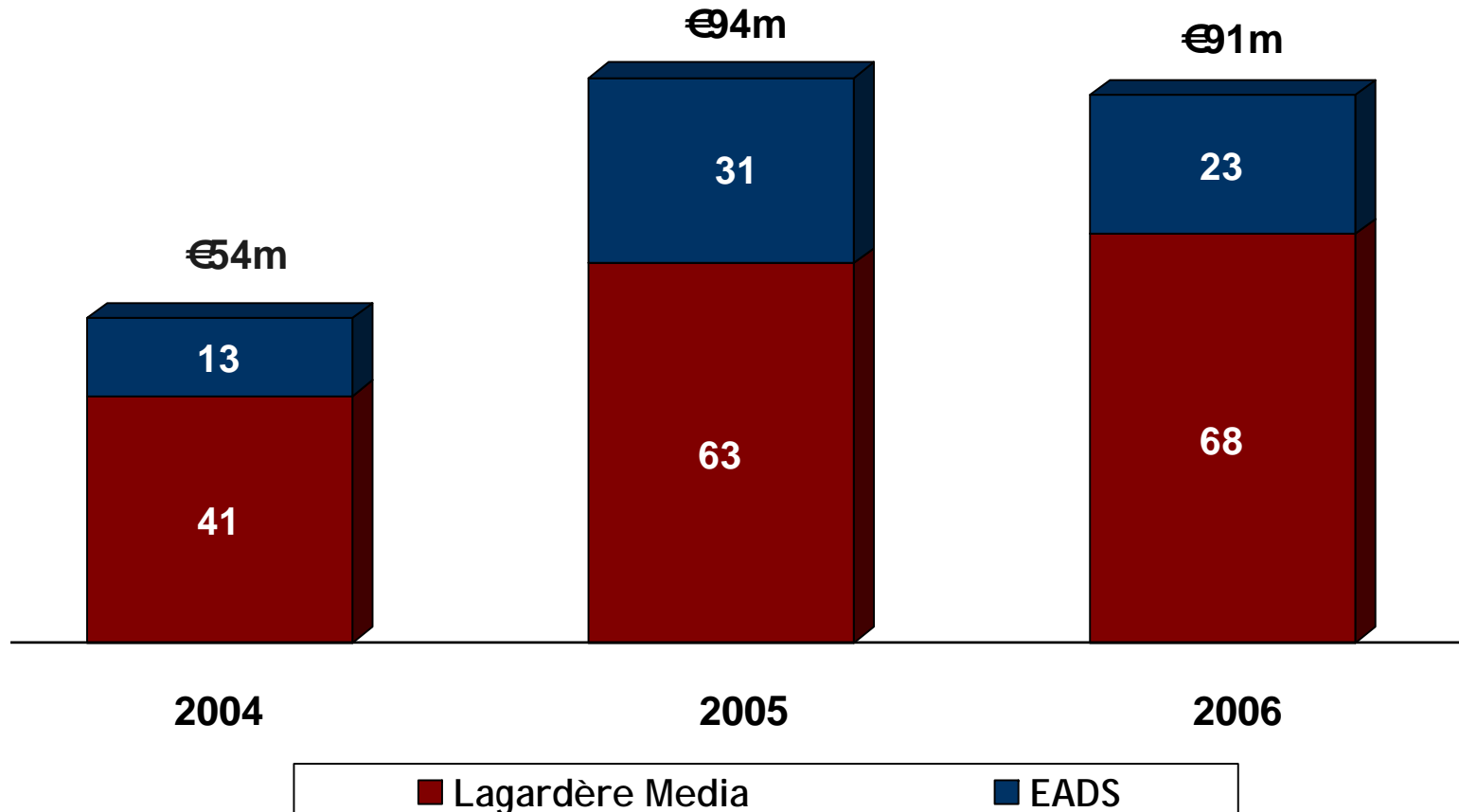
- EADS
- Net gain on disposals
- Restructuring costs
- Impairment of PP&E and intangibles and (in 2006) gain from release of negative goodwill to income
- Reversal of T-Online provision

Income from associates by division

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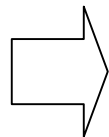
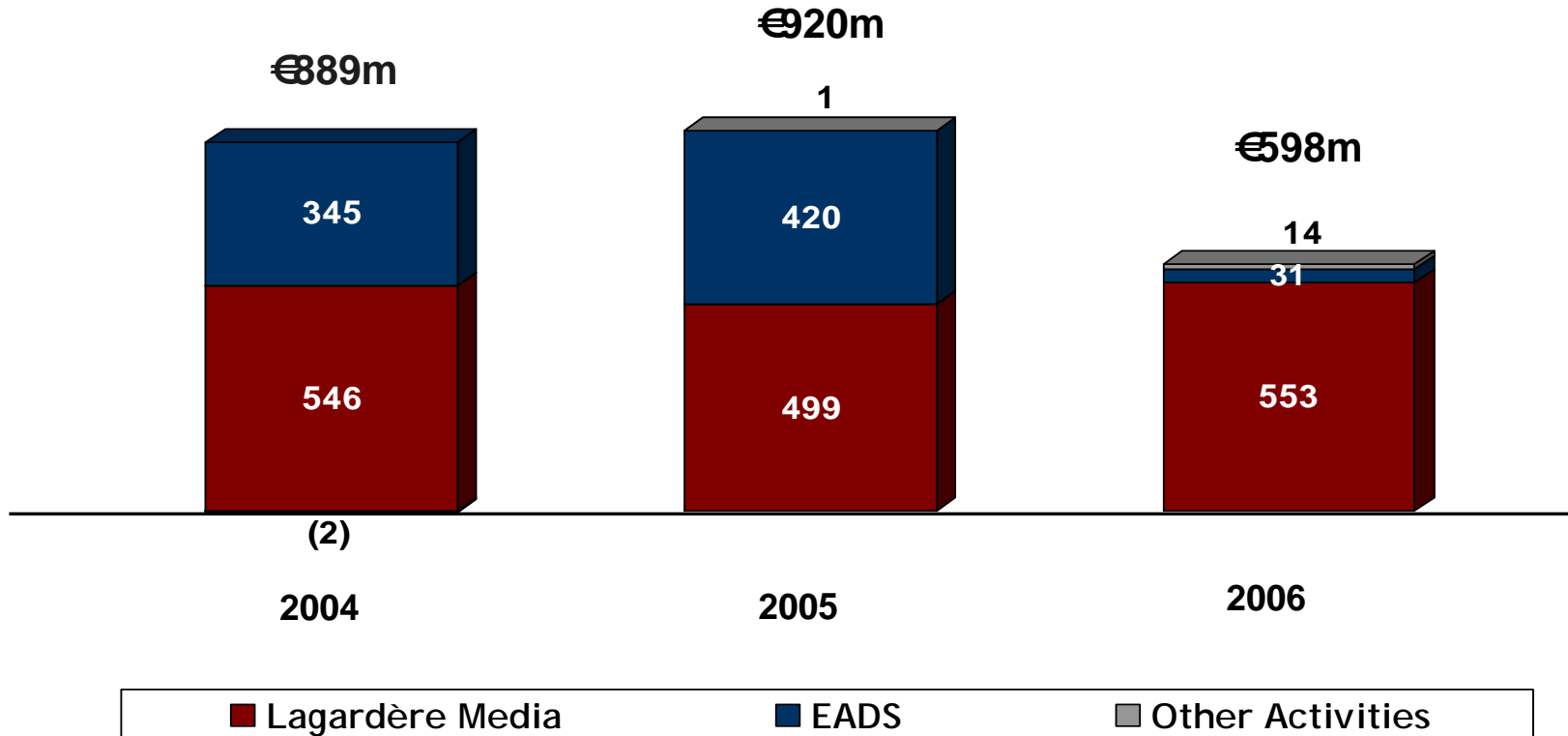


- *CanalSat* contribution: 2004 €39m, 2005 €45m, 2006 €52m

Earnings before interest & tax (EBIT) by division

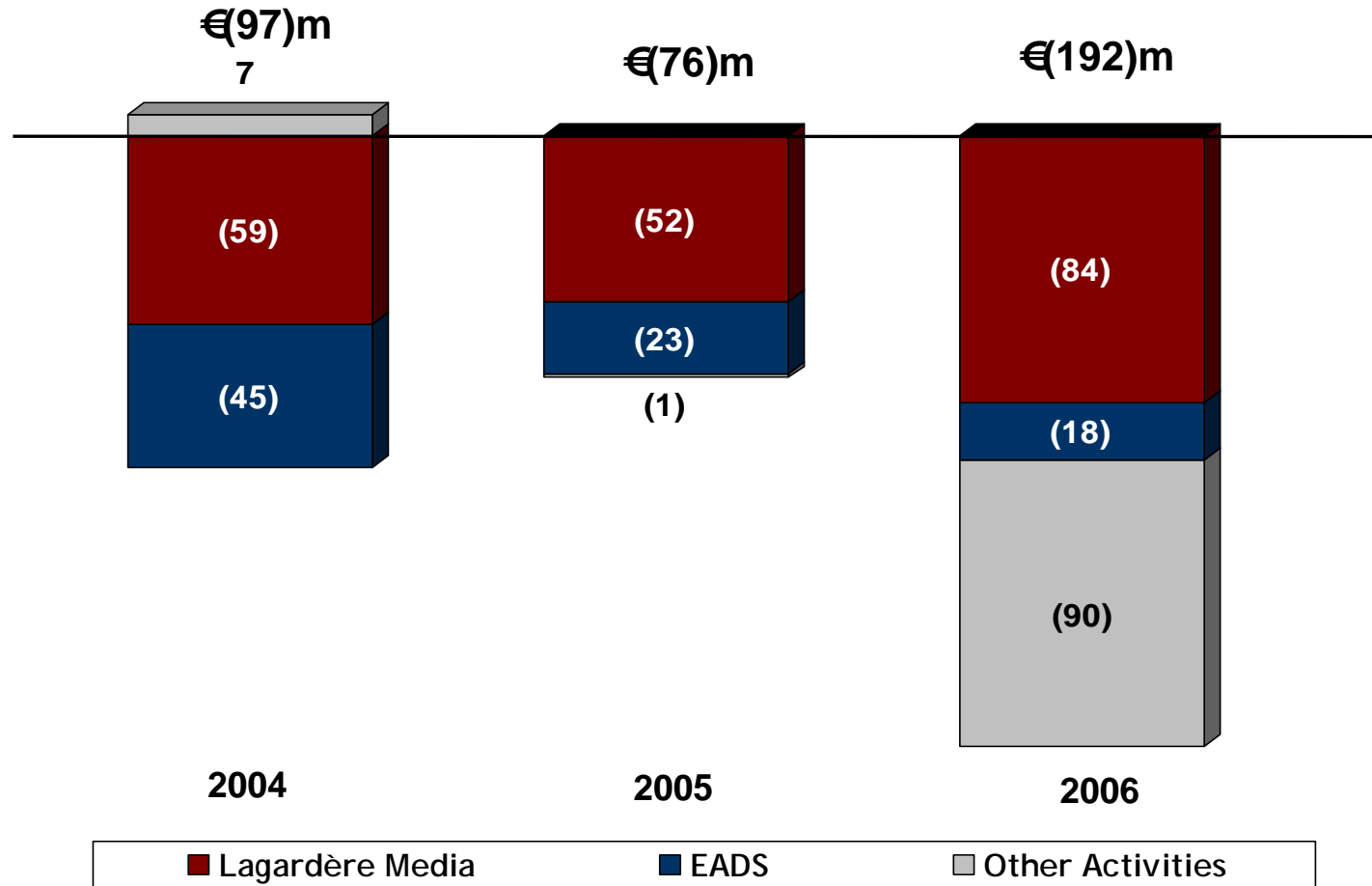


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10.8% growth in Lagardère Media EBIT

Net interest income/(expense) by division

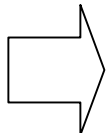
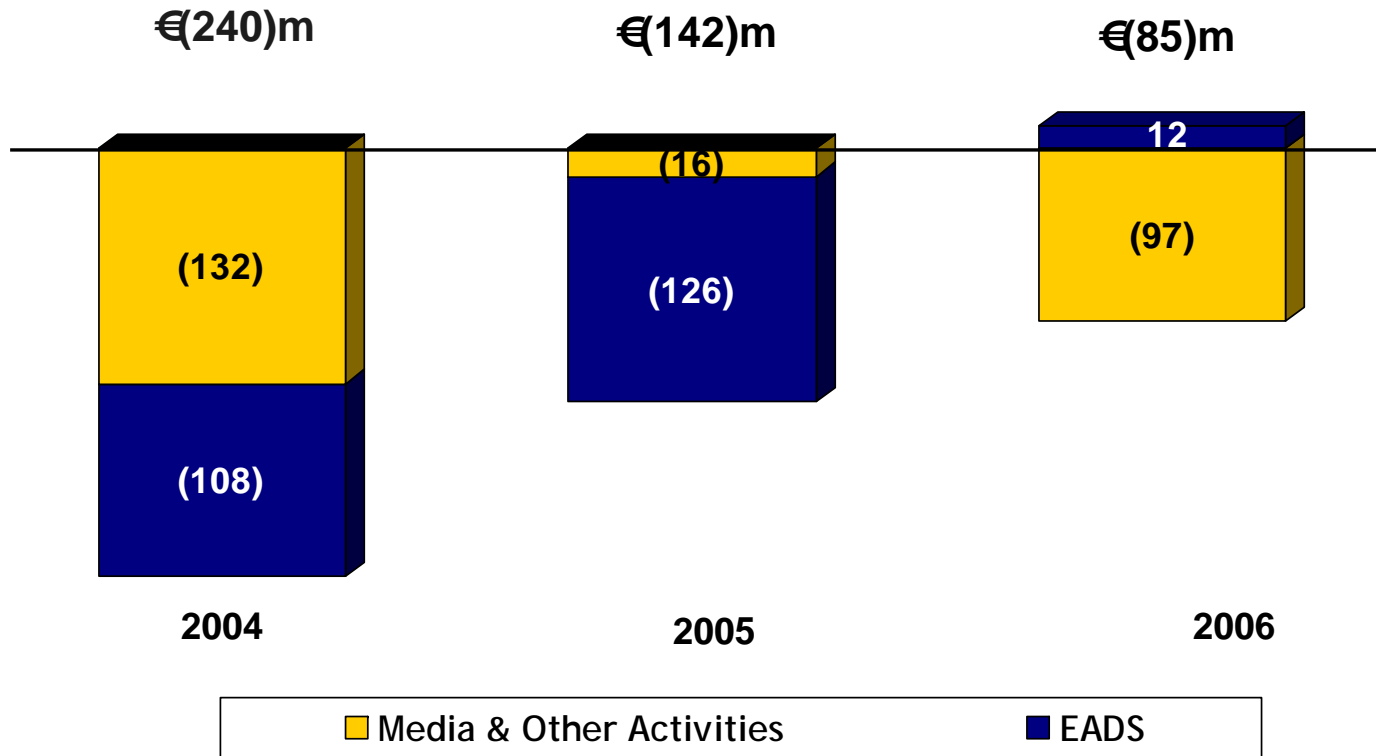


2006 impact of EADS Mandatory Exchangeable Bond in "Other Activities": -€80m



Income taxes

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

Consolidated income statement

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(€m)	2004			2005			2006		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Net sales	7,501	4,795	12,296	7,901	5,112	13,013	8,092	5,907	13,999
EBIT	544	345	889	500	420	920	567	31	598
Net interest expense	(52)	(45)	(97)	(53)	(23)	(76)	(174)	(18)	(192)
Income tax expense	(132)	(108)	(240)	(16)	(126)	(142)	(97)	12	(85)
Net income before minority interests	360	192	552	431	271	702	296	25	321

Net income	335	160	495	404	266	670	268	23	291
Minority interests	25	32	57	27	5	32	28	2	30



Adjusted net income (excluding EADS)

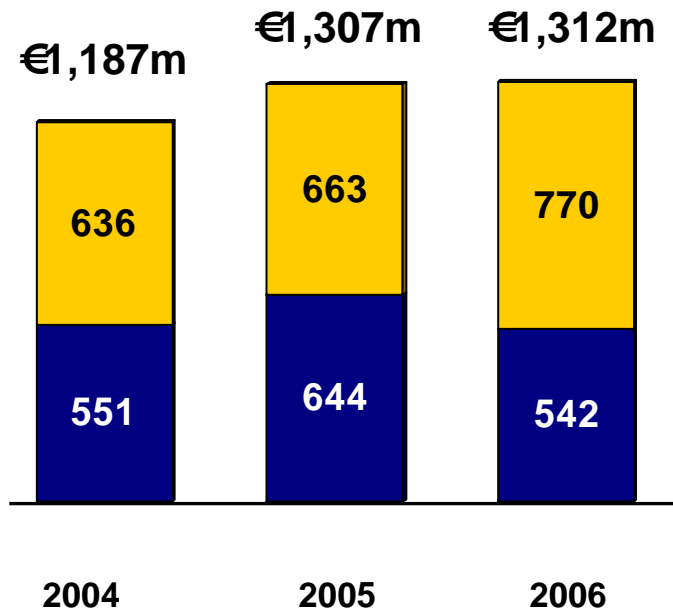
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(€m)	2005	2006
<u>Net income (excluding EADS)</u>	<u>404</u>	<u>268</u>
Impact of Mandatory Exchangeable Bond issue on interest expense	-	80
Impairment losses on property, plant & equipment and intangibles	55	15
Loss on T-Online/Deutsche Telekom share swap	-	15
Impact of non-recurring tax items	(99)	-
<u>Adjusted net income (excluding EADS)</u>	<u>360</u>	<u>378</u>

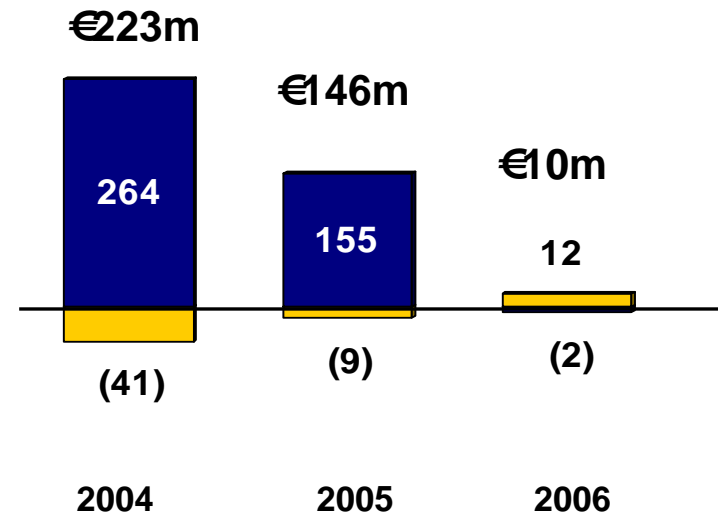
Cash flow from operations



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



Changes in working capital



Cash flow statement

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(€m)	2004			2005			2006		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Cash flow from operations before interest, taxes & changes in working capital	636	551	1,187	663	644	1,307	770	542	1,312
Changes in working capital	(41)	264	223	(9)	155	146	12	(2)	10
Net cash flow from operations	595	815	1,410	654	799	1,453	782	540	1,322
Net interest & taxes paid	(203)	(52)	(255)	(209)	(29)	(238)	(191)	(23)	(214)
Net cash flow from operations after interest and taxes	392	763	1,155	445	770	1,215	591	517	1,108
Investments									
<i>Intangible assets and PP&E</i>	(640)	(681)	(1,321)	(248)	(578)	(826)	(1,255)	(937)	(2,192)
<i>Financial assets</i>	(216)	(554)	(770)	(164)	(427)	(591)	(156)	(428)	(584)
	(424)	(127)	(551)	(84)	(151)	(235)	(1,099)	(509)	(1,608)
Asset disposals	723	112	835	78	176	254	194	308	502
<i>Intangible assets and PP&E</i>	24	17	41	14	53	67	43	147	190
<i>Financial assets</i>	699	95	794	64	123	187	151	161	312
(Purchase)/disposal of short-term investments	(12)	(156)	(168)	582	111	693	5	498	503
Net cash flow: investing activities	71	(725)	(654)	412	(291)	121	(1,056)	(131)	(1,187)
Net cash flow from operating and investing activities	463	38	501	857	479	1,336	(465)	386	(79)

2005 and 2004 cash flows from investing activities for EADS have been reclassified to conform with the presentation used by EADS for 2006.

Consolidated balance sheet

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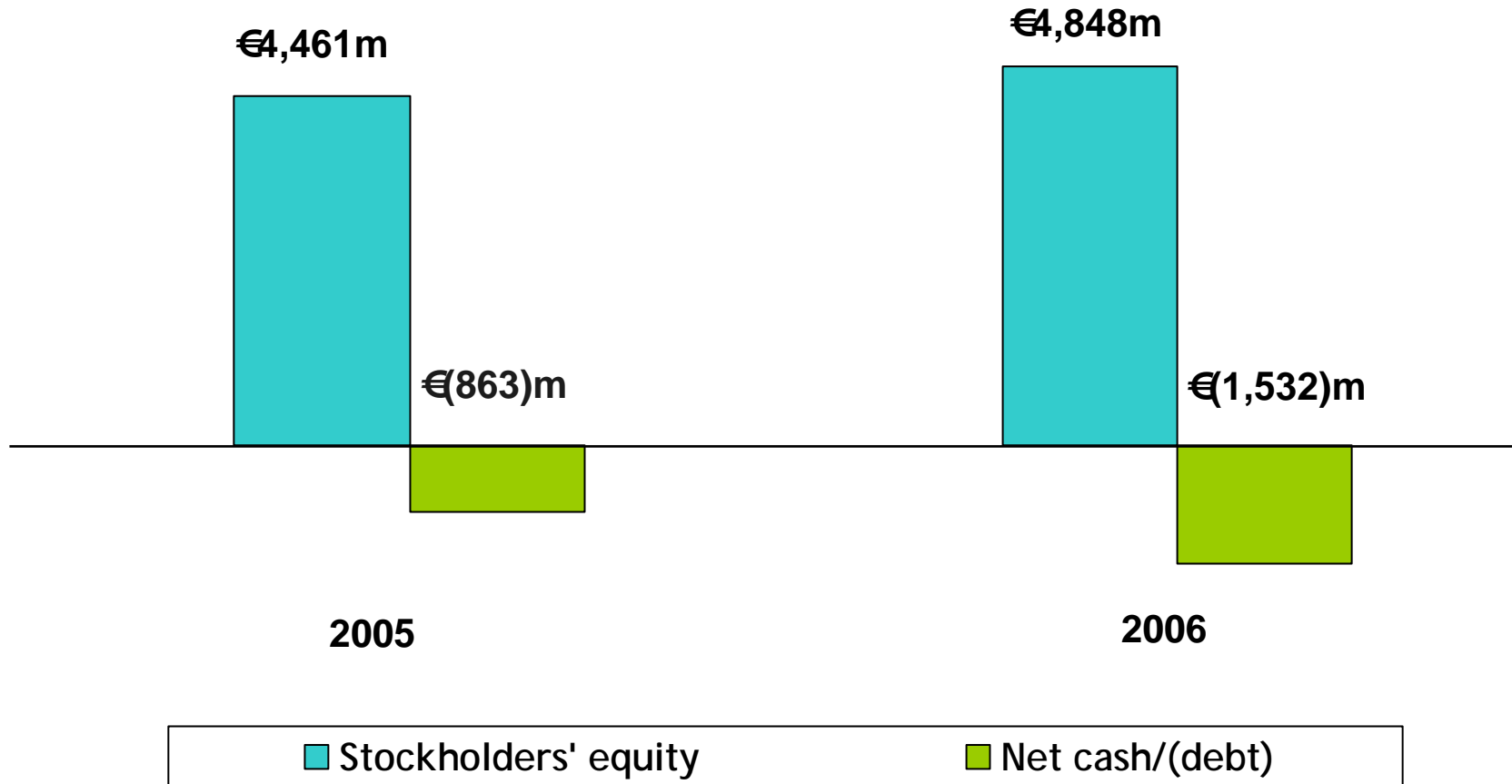
(€m)	2005			2006		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Non-current assets	5,802	4,654	10,456	6,461	4,661	11,122
Current assets	3,463	5,070	8,533	4,967	5,291	10,258
<i>of which short-term investments & cash</i>	<i>849</i>	<i>1,498</i>	<i>2,347</i>	<i>1,648</i>	<i>1,353</i>	<i>3,001</i>
TOTAL ASSETS	9,265	9,724	18,989	11,428	9,952	21,380
Stockholders' equity	3,143	1,318	4,461	3,433	1,415	4,848
Non-current liabilities	2,170	3,671	5,841	3,140	3,875	7,015
<i>of which debt</i>	<i>1,280</i>	<i>627</i>	<i>1,907</i>	<i>2,310</i>	<i>534</i>	<i>2,844</i>
Current liabilities	3,952	4,735	8,687	4,855	4,662	9,517
<i>of which debt</i>	<i>644</i>	<i>659</i>	<i>1,303</i>	<i>1,361</i>	<i>328</i>	<i>1,689</i>
TOTAL LIABILITIES & EQUITY	9,265	9,724	18,989	11,428	9,952	21,380

Stockholders' equity and net cash/(debt)

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Net cash/(debt)

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(€m)	2005	Change	2006
<u>Net debt</u>	<u>863</u>	<u>669</u>	<u>1,532</u>
EADS net cash	212	279	491
Net debt excluding EADS	1,075	948	2,023