



Lagardère

ANALYST MEETING

September 13, 2006



Safe Harbor Statement

2006 First-Half Results

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 the Company's 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 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 against Company targets, new products and services, current and future markets for the Company products 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 risk (including, without limitation, certain market risks) related to the Company's businesses
- Certain risks related to the media industry (including, without limitation, technological risks)
- The cyclical nature of some of the Company's businesses

Please refer to Lagardère SCA's Annual Report for the year ended December 31, 2005, for a description of certain important factors, risks and uncertainties that may affect Lagardère SCA's business.

The Company disclaims any intention or obligation to update the forward-looking statements. Consequently the Company is not responsible for any consequences from using any of the above statements.



Contents

2006 First-Half Results

- ✓ Consolidated financial statements for the first half of 2006 ----- p. 4 to 24
- ✓ Financial indicators by division and business segment ----- p.25 to 38
- ✓ Reconciliation of recurring EBIT before associates to EBIT ----- p.39 to 42
- ✓ Additional balance sheet information ----- p.43 to 45
- ✓ Significant events ----- p.46 to 62
- ✓ Lagardère share price performance ----- p.63 to 65



Consolidated financial statements for the first half of 2006



Main changes in scope of consolidation

2006 First-Half Results

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 Hodder Headline.</p> <p>Disposal and deconsolidation of <i>Editions Dalloz</i> with effect from January 1, 2006.</p>
Distribution Services	<p>Full consolidation of <i>HDS Retail Czech Republic</i>, previously 50% proportionately consolidated in 2005.</p> <p>Full consolidation of the points-of-sale business of <i>HDS Hong Kong</i>, consolidated from November 1 only in 2005.</p> <p>Disposal and deconsolidation of German distributor <i>Saarbach</i> with effect from January 1, 2006.</p>



Main changes in scope of consolidation

2006 First-Half Results

Lagardere
Active

Acquisition of 4 radio stations in Russia, fully consolidated from March 1, 2006.

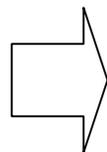
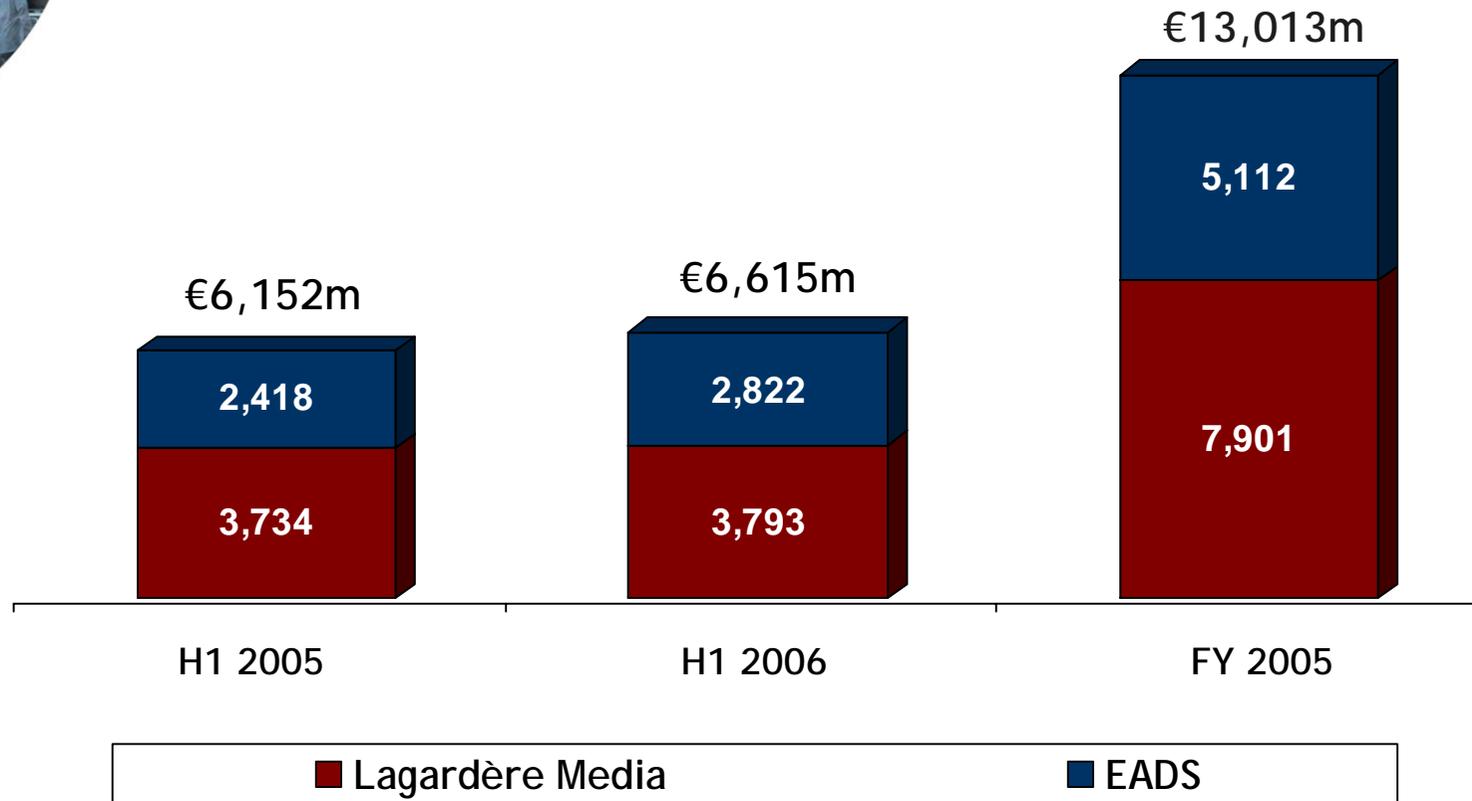
EADS

Following a share issue arising from the exercise of employee stock options, the percentage used for the proportionate consolidation of EADS was 14.87% for the first half of 2006, compared with 15.09% for the first half of 2005 and 14.95% for the 2005 full year.



Net sales by division

2006 First-Half Results



7.5% growth on a consolidated basis

1.6% growth for *Lagardère Media*

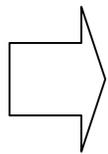
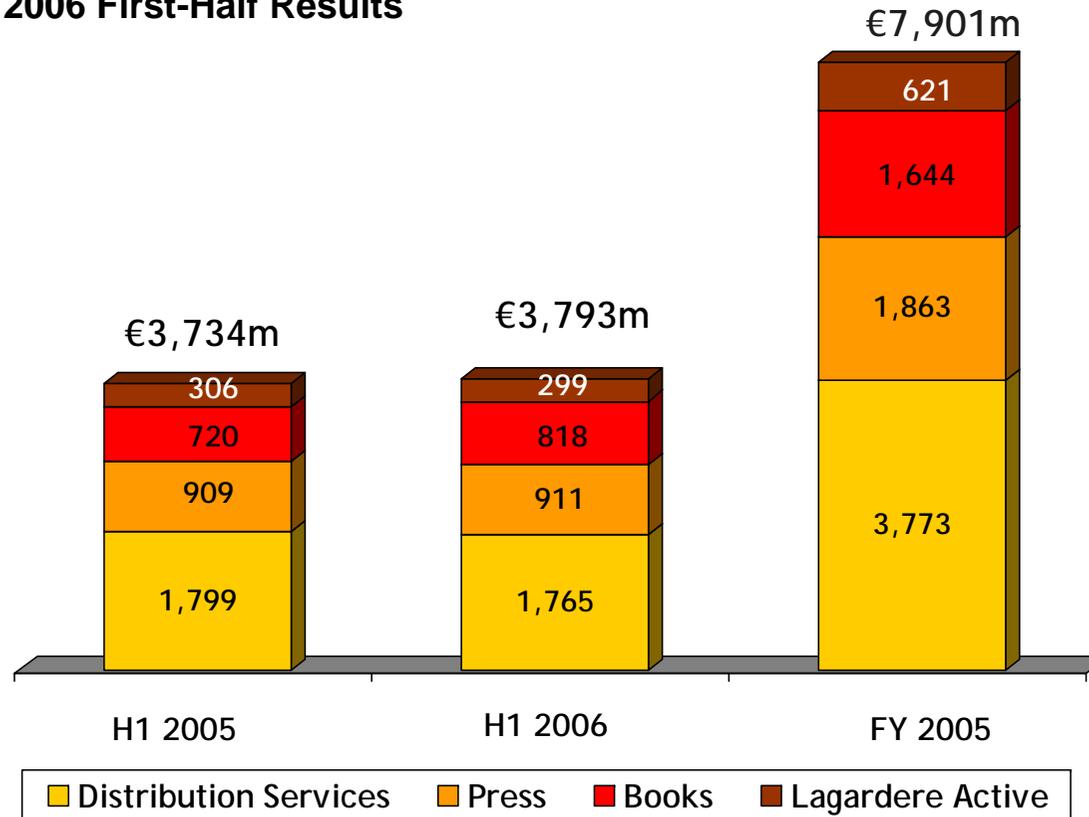
Lagardère



Lagardère Media

Net sales by business segment

2006 First-Half Results



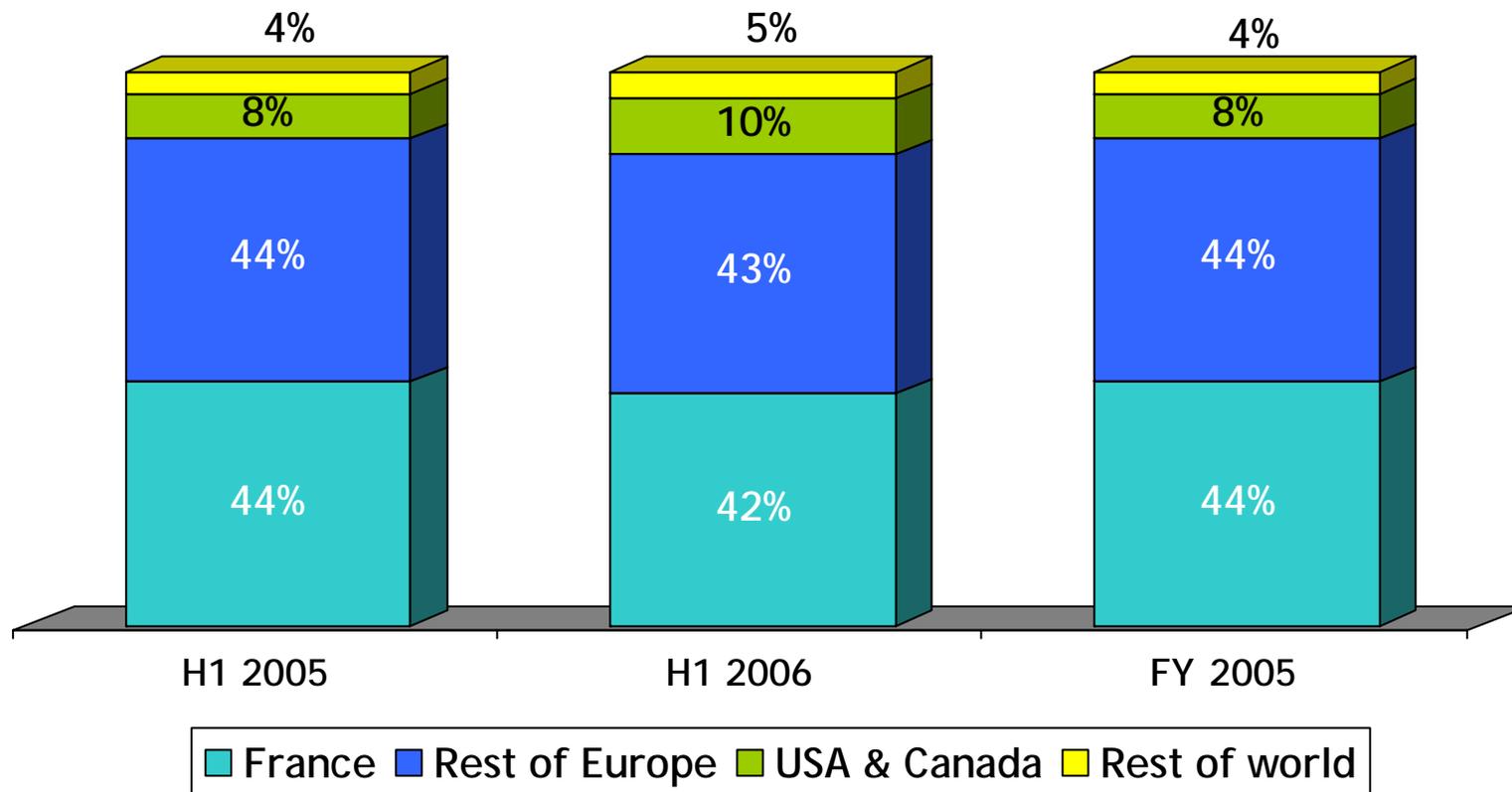
- 1% growth on a like-for-like basis
- Impact on H1 2006 of first-time consolidation of *Time Warner Book Group*: +€8m, and of changes in terms of contracts between *HDS* and certain Belgian customers: -€4m



Lagardère Media

Net sales by geographical area

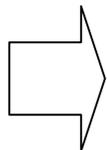
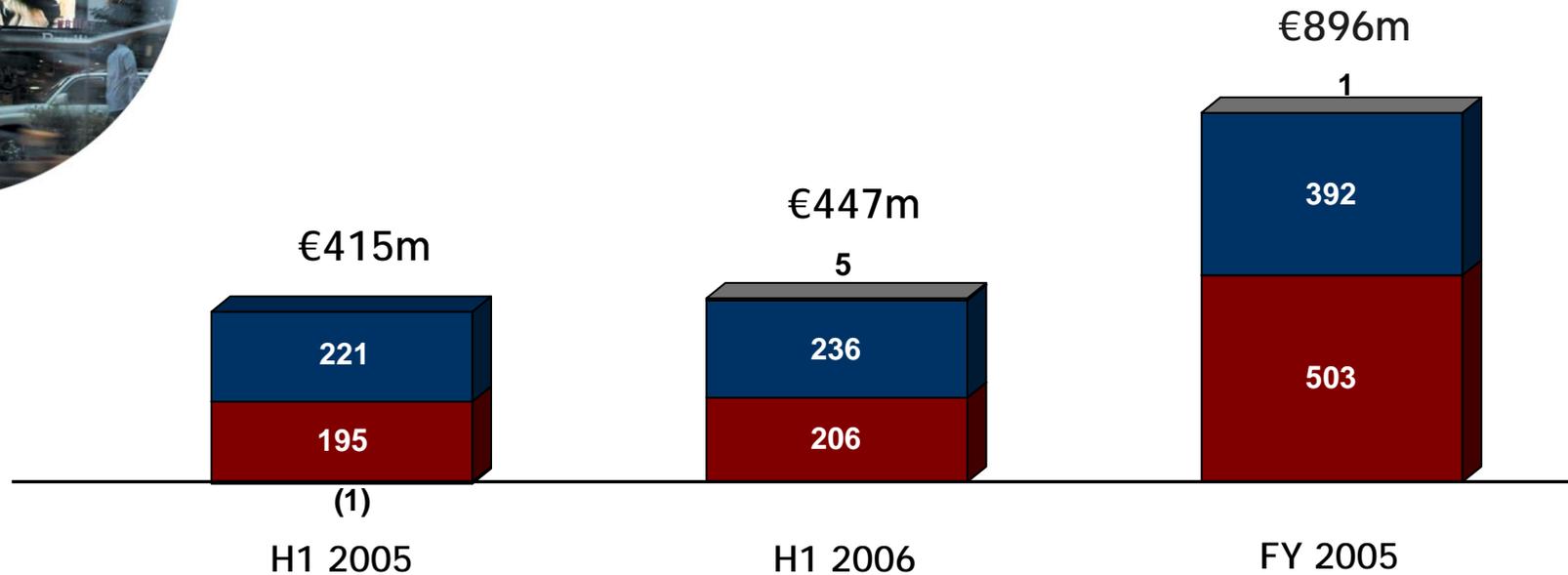
2006 First-Half Results





Recurring EBIT before associates by division

2006 First-Half Results



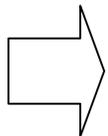
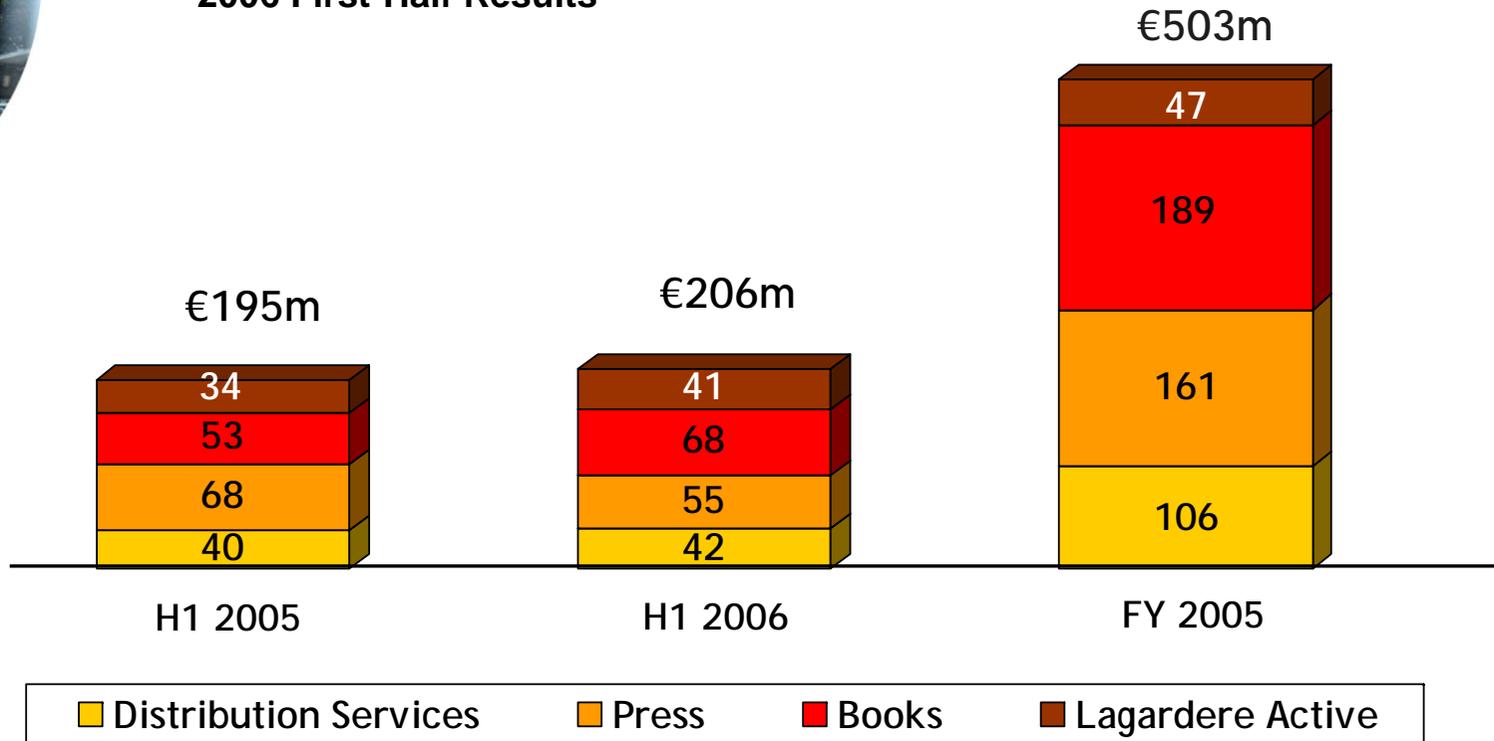
- **7.6% growth in recurring EBIT before associates**
- **5.4% growth in Lagardère Media recurring EBIT before associates**



Lagardère Media

Recurring EBIT before associates by business segment

2006 First-Half Results

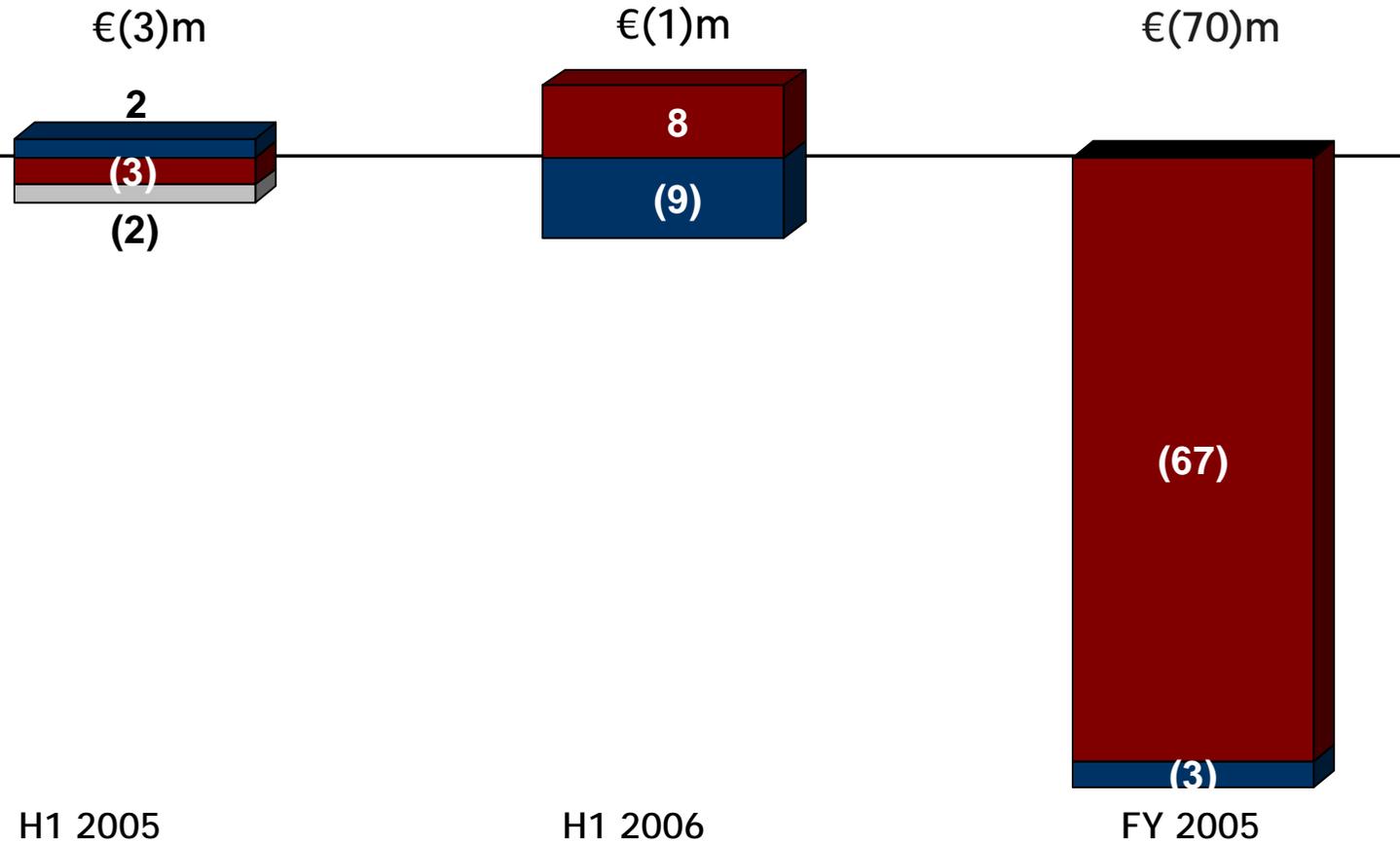


- **5.4% growth in H1 recurring EBIT before associates**
- **4.9% growth in H1 recurring EBIT before associates excluding the effects of (i) the cost of investment in Digital Terrestrial Television, (ii) the disposal of *Dalloz* and (iii) the acquisition of *Time Warner Book Group*, and based on a constant euro/dollar rate of 1.25**



Non-recurring items

2006 First-Half Results



■ Lagardère Media

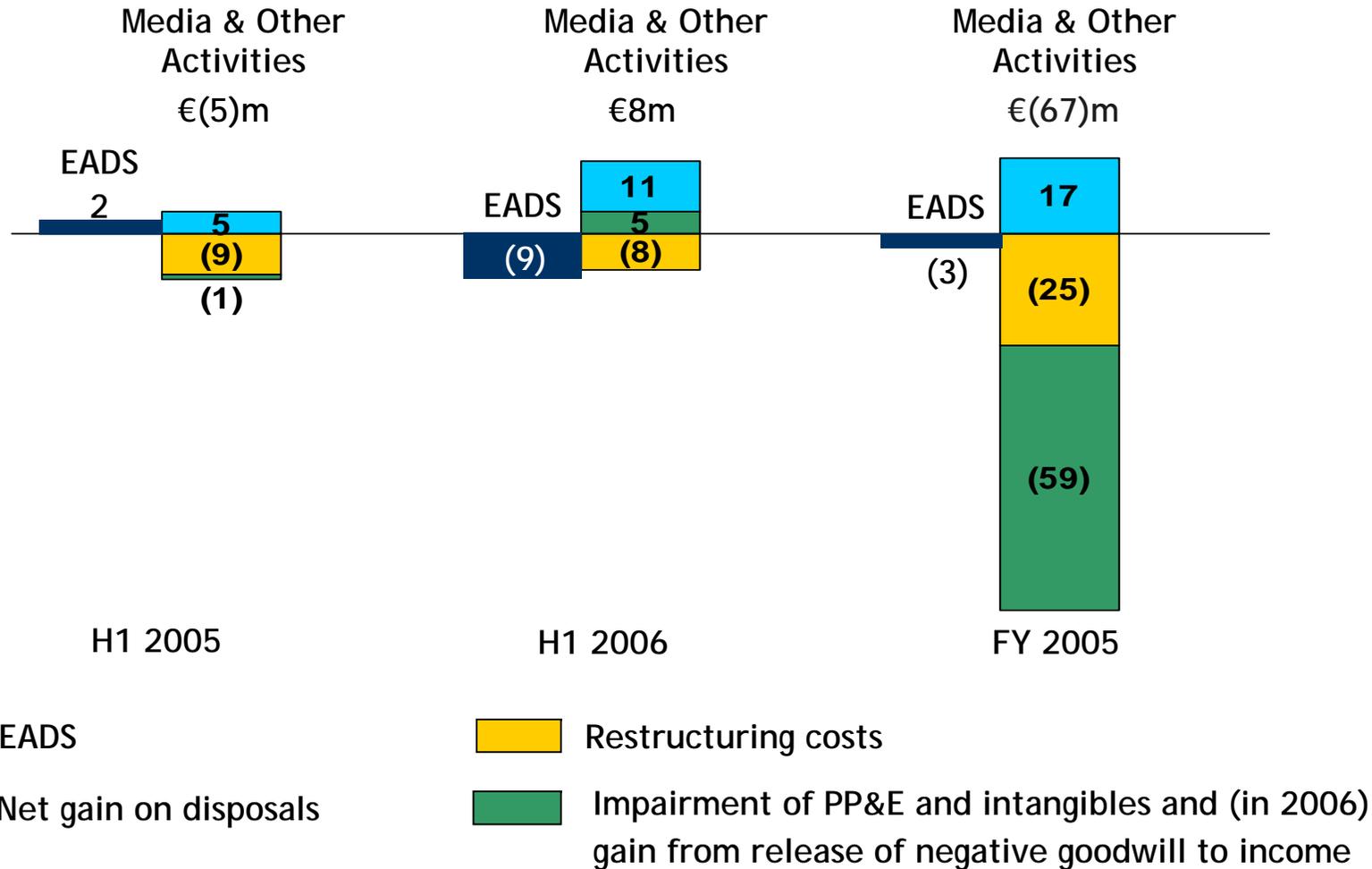
■ EADS

■ Other Activities



Non-recurring items by type

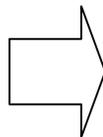
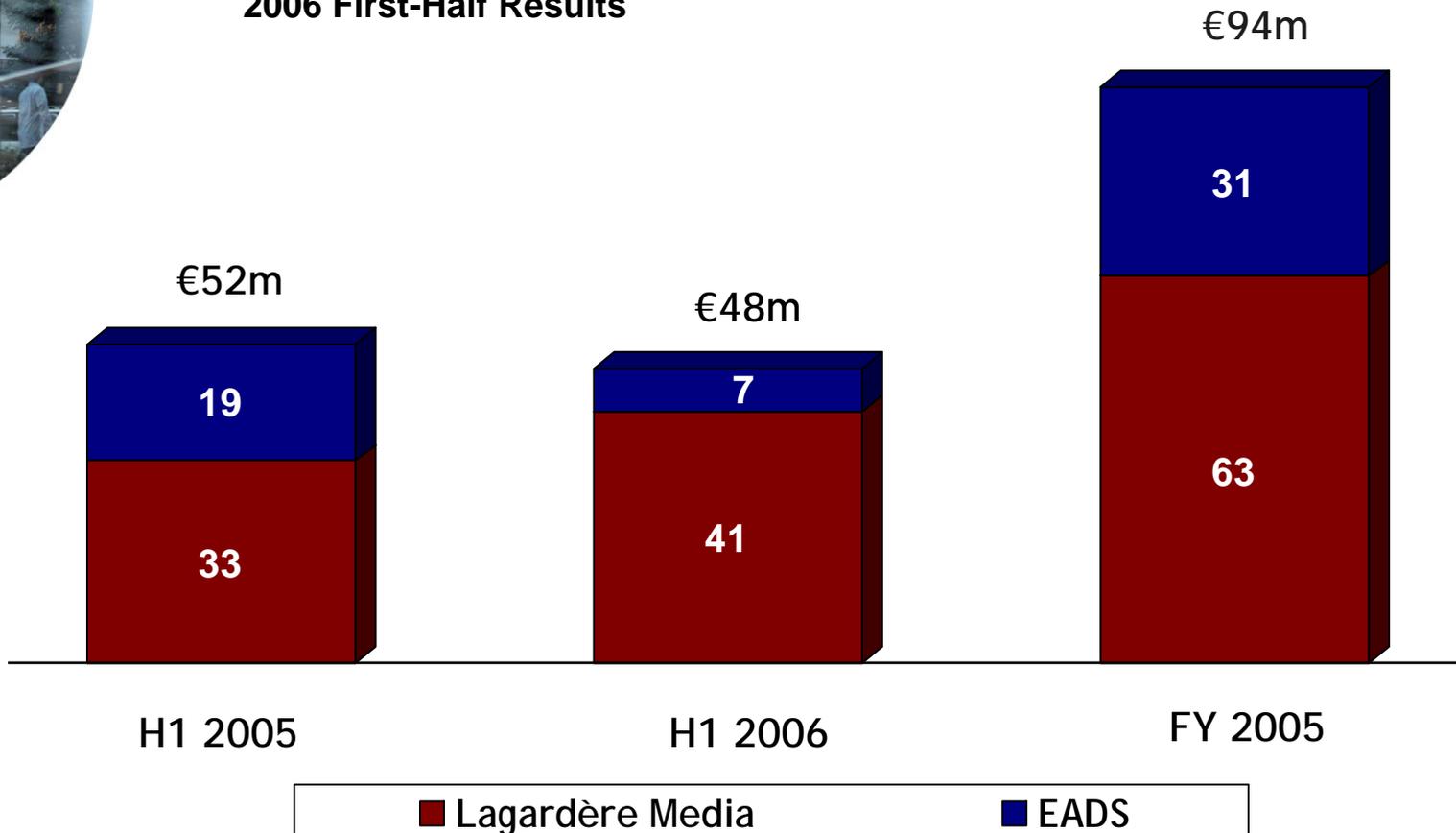
2006 First-Half Results





Income from associates by division

2006 First-Half Results

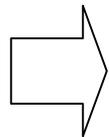
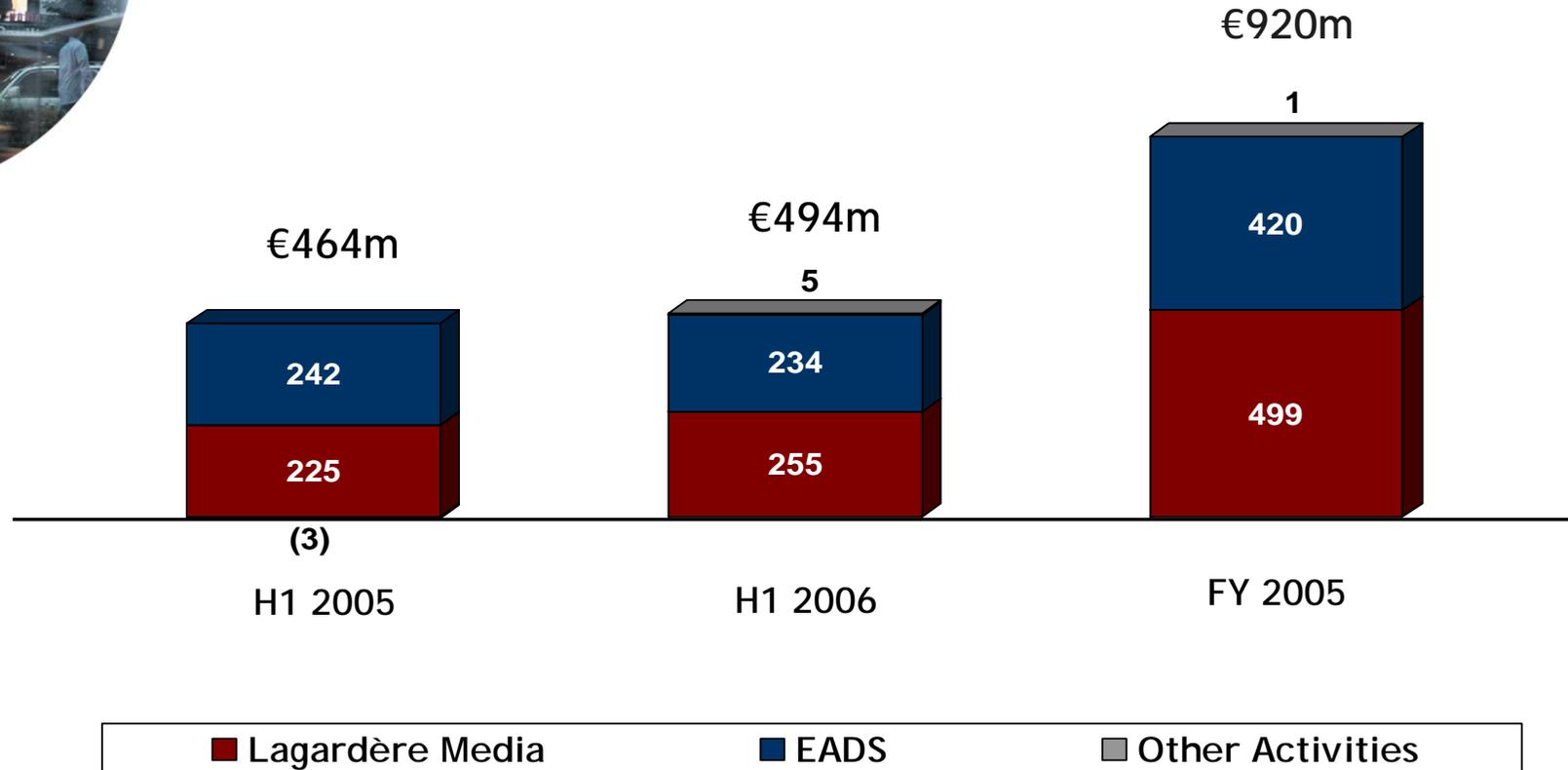


• *CanalSat* contribution: H1 2005 €27m, H1 2006 €32m, 2005 FY €45m



Earnings before interest & tax (EBIT) by division

2006 First-Half Results

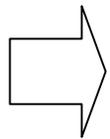
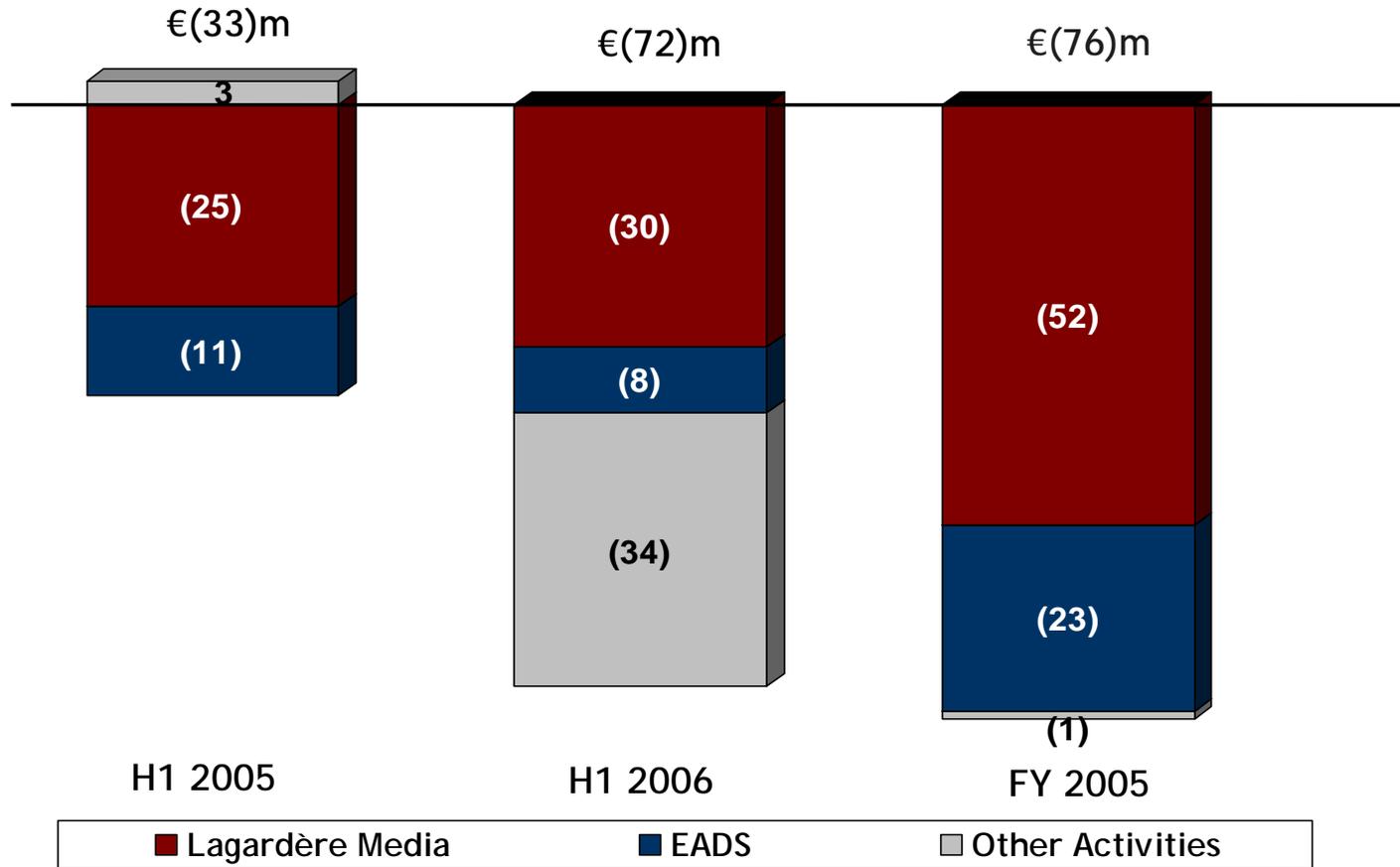


13% growth in Lagardère Media EBIT



Net interest income/(expense) by division

2006 First-Half Results

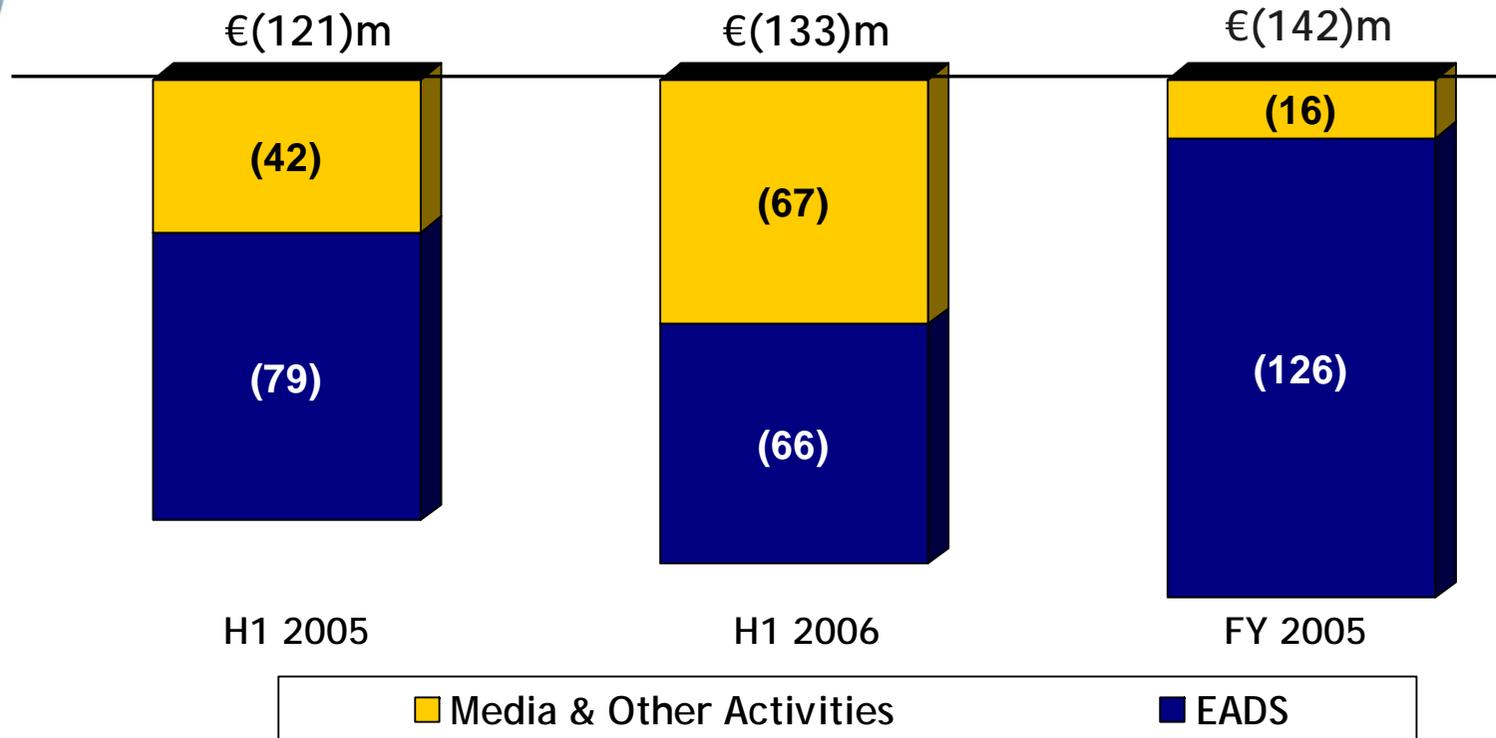


**Impact on Other Activities in 2006 of interest expense relating to the EADS
Mandatory Exchangeable Bonds: -€32m**



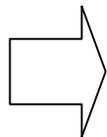
Income taxes

2006 First-Half Results



Increase in effective tax rate excl. EADS H1 2006 vs. H1 2005 (43% vs. 25%)

- **Impact of interest expense on the EADS Mandatory Exchangeable Bonds with no corresponding tax saving**
- **Taxable gain on disposals included in accounting pre-tax net income less than the gain on disposals used in the income tax calculation**





Consolidated income statement

2006 First-Half Results

(€m)	H1 2005			H1 2006			FY 2005		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Net sales	3,734	2,418	6,152	3,793	2,822	6,615	7,901	5,112	13,013
EBIT	222	242	464	260	234	494	500	420	920
Net interest expense	(22)	(11)	(33)	(64)	(8)	(72)	(53)	(23)	(76)
Income tax expense	(42)	(79)	(121)	(67)	(66)	(133)	(16)	(126)	(142)
Net income before minority interests	158	152	310	129	160	289	431	271	702

Net income	142	152	294	117	163	280	404	266	670
Minority interests	16	0	16	12	(3)	9	27	5	32



Adjusted net income (excluding EADS)

2006 First-Half Results

(€m)	H1 2005	H1 2006
<u>Net income (excluding EADS)</u>	<u>142</u>	<u>117</u>
Impact of Mandatory Exchangeable Bond issue on interest expense		32
<u>Adjusted net income (excluding EADS)</u>	<u>142</u>	<u>149</u>

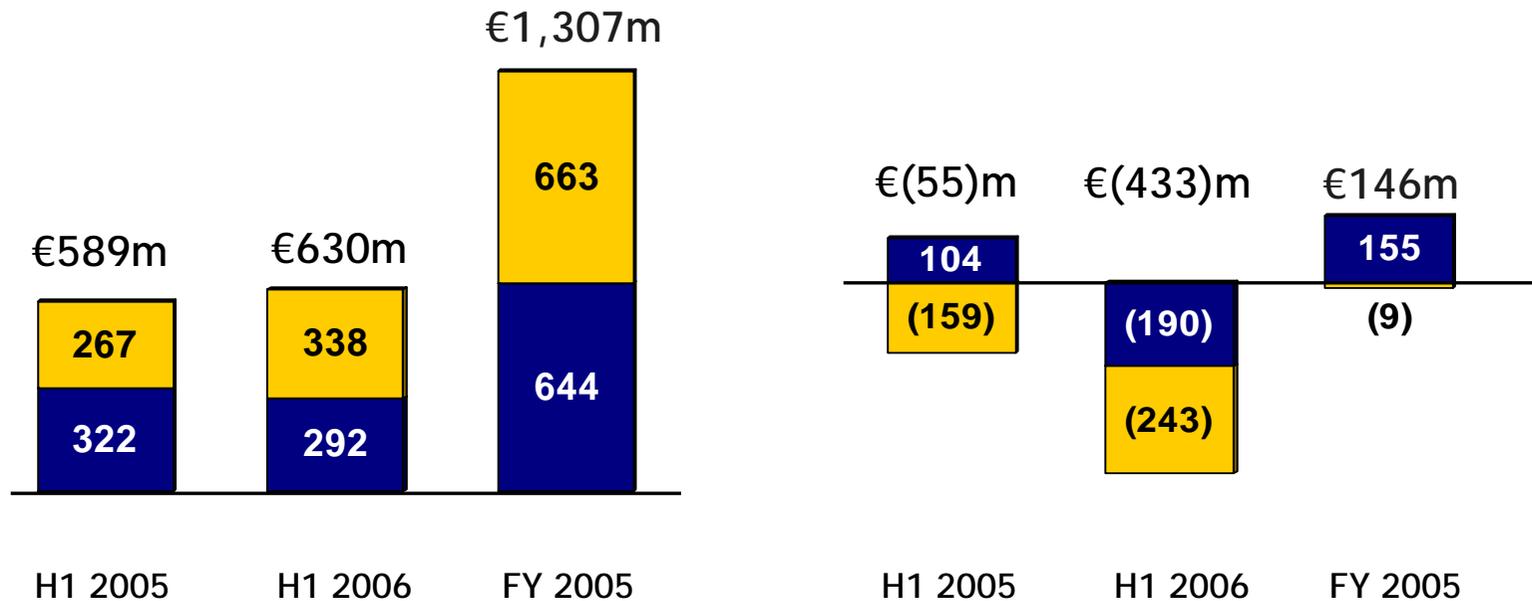


Cash flow from operations

2006 First-Half Results

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

Changes in working capital



Cash flow statement

(€m)	H1 2005			H1 2006			FY 2005		
	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	267	322	589	338	292	630	663	644	1,307
Changes in working capital	(159)	104	(55)	(243)	(190)	(433)	(9)	155	146
Net cash flow from operations	108	426	534	95	102	197	654	799	1,453
Net interest & taxes paid	(81)	(2)	(83)	(67)	(7)	(74)	(209)	(29)	(238)
Net cash flow from operations after interest & taxes	27	424	451	28	95	123	445	770	1,215
Investments	(113)	(256)	(369)	(609)	(184)	(793)	(248)	(578)	(826)
<i>Intangible assets and PP&E</i>	(72)	(185)	(257)	(70)	(168)	(238)	(164)	(427)	(591)
<i>Financial assets</i>	(41)	(71)	(112)	(539)	(16)	(555)	(84)	(151)	(235)
Asset disposals	32	75	107	168	150	318	78	176	254
<i>Intangible assets and PP&E</i>	5	25	30	37	46	83	14	53	67
<i>Financial assets</i>	27	50	77	131	104	235	64	123	187
(Purchase)/disposal of short-term investments	582	(56)	526	(1)	(55)	(56)	582	(123)	459
Net cash flow: investing activities	501	(237)	(264)	(442)	(89)	(531)	412	(525)	(113)
Net cash flow from operating and investing activities	528	187	715	(414)	6	(408)	857	245	1,102



Consolidated balance sheet

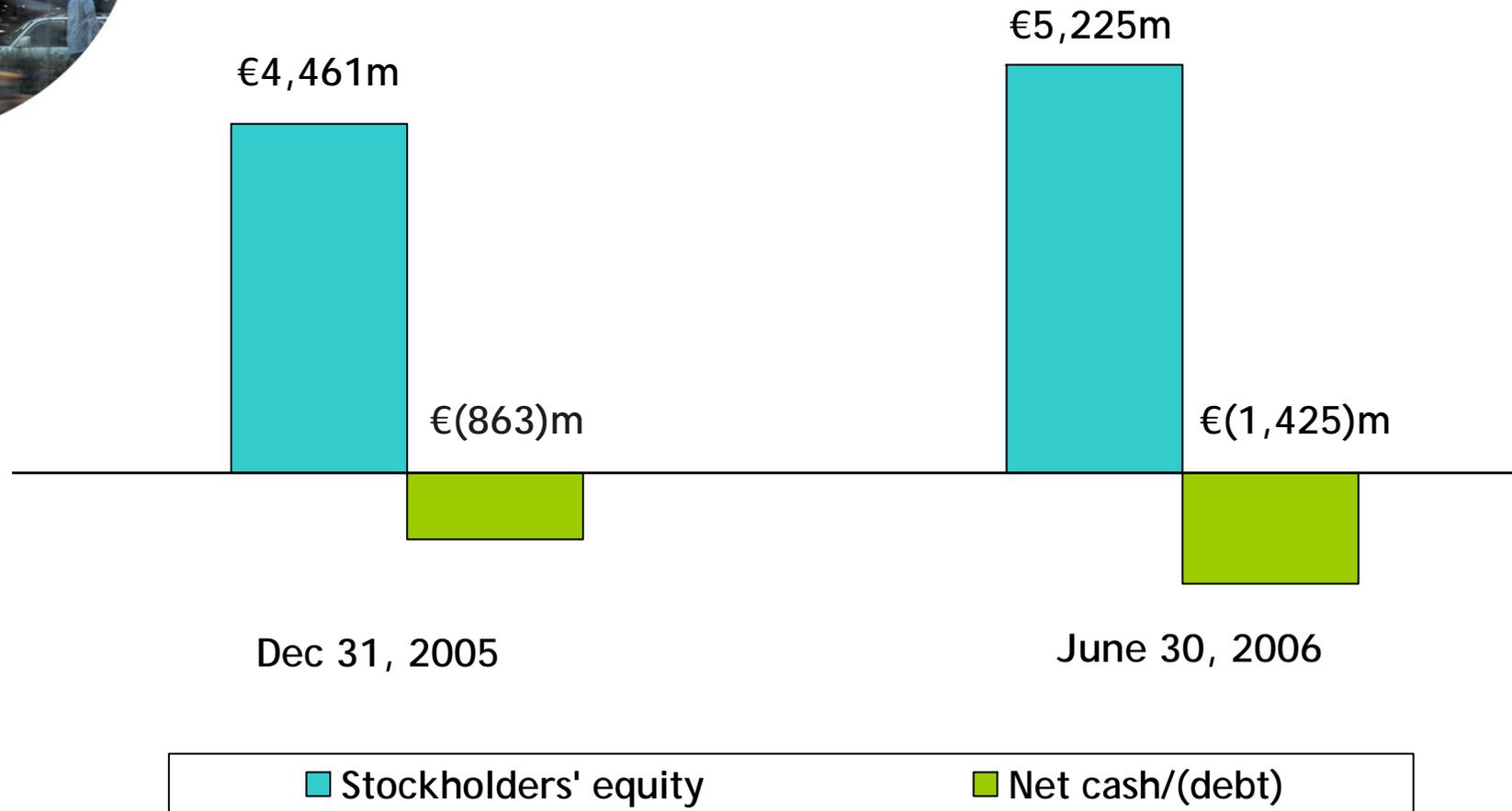
2006 First-Half Results

(€m)	June 30, 2006			December 31, 2005		
	Media & Other Activities	EADS	Total	Media & Other Activities	EADS	Total
Non-current assets	5,921	4,485	10,406	5,802	4,654	10,456
Current assets	5,625	5,328	10,953	3,463	5,070	8,533
<i>of which short-term investments & cash</i>	<i>1,993</i>	<i>1,463</i>	<i>3,456</i>	<i>849</i>	<i>1,498</i>	<i>2,347</i>
TOTAL ASSETS	11,546	9,813	21,359	9,265	9,724	18,989
Stockholders' equity	3,683	1,542	5,225	3,143	1,318	4,461
Non-current liabilities	3,200	3,613	6,813	2,170	3,671	5,841
<i>of which financial debt</i>	<i>2,269</i>	<i>570</i>	<i>2,839</i>	<i>1,280</i>	<i>627</i>	<i>1,907</i>
Current liabilities	4,663	4,658	9,321	3,952	4,735	8,687
<i>of which financial debt</i>	<i>1,397</i>	<i>645</i>	<i>2,042</i>	<i>644</i>	<i>659</i>	<i>1,303</i>
TOTAL LIABILITIES & EQUITY	11,546	9,813	21,359	9,265	9,724	18,989



Stockholders' equity and net cash/(debt)

2006 First-Half Results





Net cash/(debt)

2006 First-Half Results

(€m)	Dec 31, 2005	Change	June 30, 2006
<u>Net debt</u>	<u>863</u>	<u>562</u>	<u>1,425</u>
EADS net cash	212	36	248
Net debt excl. EADS	1,075	598	1,673



Financial indicators by division and business segment



Net sales by division/business segment

2006 First-Half Results

(€m)	H1 2005	H1 2006	FY 2005
<i>Books</i>	720	818	1,644
<i>Press</i>	909	911	1,863
<i>Distribution Services</i>	1,799	1,765	3,773
<i>Lagardere Active</i>	306	299	621
Lagardère Media	3,734	3,793	7,901
EADS	2,418	2,822	5,112
TOTAL	6,152	6,615	13,013



Recurring EBIT before associates by division/business segment

2006 First-Half Results

(€m)	H1 2005	H1 2006	FY 2005
<i>Books</i>	53	68	189
<i>Press</i>	68	55	161
<i>Distribution Services</i>	40	42	106
<i>Lagardere Active</i>	34	41	47
Lagardère Media	195	206	503
EADS	221	236	392
Other Activities	(1)	5	1
Recurring EBIT before associates	415	447	896



Lagardère Media – Income statement

2006 First-Half Results

(€m)	H1 2005	H1 2006	FY 2005
Net sales	3,734	3,793	7,901
Recurring EBIT before associates	195	206	503
Income from associates	33	41	63
Non-recurring items	(3)	8	(67)
EBIT	225	255	499
Net interest expense	(25)	(30)	(52)
Net income before tax & minority interests	200	225	447
Operating margin	5.2%	5.4%	6.4%
Operating margin excl. Distribution Services	8.0%	8.1%	9.6%

Lagardère



Lagardere Active Broadcast & Broadband

Net sales & Recurring EBIT before associates

2006 First-Half Results

(€m)	H1 2005				H1 2006			
	Broadcast		Broadband	Lagardere Active	Broadcast		Broadband	Lagardere Active
	Radio	TV			Radio	TV		
Net sales	130	123	53	306	145	103	51	299
Recurring EBIT before associates	32	8*	(6)	34	41	4*	(4)	41

* includes impact of Digital Terrestrial Television: H1 2005 -€0.1m, H1 2006 -€8.7m

Lagardère Media – Cash flow statement

2006 First-Half Results

(€m)	H1 2005	H1 2006	FY 2005
Cash flow from operations before interest, taxes & changes in working capital	277	329	662
Changes in working capital	(136)	(213)	2
Net cash flow from operations	141	116	664
Net interest and taxes paid	(108)	(103)	(219)
Net cash flow from operations after interest & taxes	33	13	445
Investments			
<i>Intangible assets and PP&E</i>	(109)	(600)	(223)
<i>Financial assets</i>	(71)	(69)	(161)
	(38)	(531)	(62)
Asset disposals			
<i>Intangible assets and PP&E</i>	32	168	65
<i>Financial assets</i>	5	37	14
	27	131	51
(Purchase)/disposal of short-term investments	582	(1)	582
Net cash flow: investing activities	505	(433)	424
Net cash flow from operating and investing activities	538	(420)	869

Lagardère Media - H1 2006 cash flow statement by business segment

2006 First-Half Results

(€m)	Books	Press	Distribution Services	Lagardere Active	Lagardère Media
Cash flow from operations before interest, taxes & changes in working capital	82	57	69	121	329
Changes in working capital	(125)	(36)	(37)	(15)	(213)
Net cash flow from operations	(43)	21	32	106	116
Net interest and taxes paid	(20)	(27)	(16)	(40)	(103)
Net cash flow from operations after interest & taxes	(63)	(6)	16	66	13
Investments	(466)	(32)	(46)	(56)	(600)
<i>Intangible assets and PP&E</i>	(13)	(23)	(29)	(4)	(69)
<i>Financial assets</i>	(453)	(9)	(17)	(52)	(531)
Asset disposals	150	4	6	8	168
<i>Intangible assets and PP&E.</i>	35	1	1	0	37
<i>Financial assets</i>	115	3	5	8	131
(Purchase)/disposal of ST investments			(1)		(1)
Net cash flow: investing activities	(316)	(28)	(41)	(48)	(433)
Net cash flow from operating and investing activities	(379)	(34)	(25)	18	(420)

Lagardère Media - H1 2005 cash flow statement by business segment

2006 First-Half Results

(€m)	Books	Press	Distribution Services	Lagardere Active	Lagardère Media
Cash flow from operations before interest, taxes & changes in working capital	68	68	65	76	277
Changes in working capital	(82)	(16)	(30)	(8)	(136)
Net cash flow from operations	(14)	52	35	68	141
Net interest and taxes paid	(37)	(30)	(18)	(23)	(108)
Net cash flow from operations after interest & taxes	(51)	22	17	45	33
Investments	(15)	(20)	(41)	(33)	(109)
<i>Intangible assets and PP&E</i>	(11)	(18)	(36)	(6)	(71)
<i>Financial assets</i>	(4)	(2)	(5)	(27)	(38)
Asset disposals	2	4	2	24	32
<i>Intangible assets and PP&E</i>	2	1	1	1	5
<i>Financial assets</i>	-	3	1	23	27
(Purchase)/disposal of ST investments	-	-	-	582	582
Net cash flow: investing activities	(13)	(16)	(39)	573	505
Net cash flow from operating and investing activities	(64)	6	(22)	618	538



EADS - H1 2006 restated income statement

2006 First-Half Results

(€m)	EADS 100% (Lagardère format)	Reclassification of financial items	Amortization & depreciation of fair value adjustments to non-current assets	EADS 100% (restated)	Gain/loss on dilution and other items	EADS 14.87%
Net sales	18,980			18,980		2,822
EBIT	1,600	(89)	22	1,533	6	234
Net interest expense	(145)	89		(56)		(8)
Income tax expense	(431)		(8)	(439)		(66)
Net income before minority interests	1,024		14	1,038	6	160
Net income	1,043		14	1,057	6	163
Minority interests	(19)			(19)		(3)



EADS - Income statement

2006 First-Half Results

(€m)	H1 2005	H1 2006	FY 2005
Net sales	2,418	2,822	5,112
Recurring EBIT before associates	221	236	392
Income from associates	19	7	31
Non-recurring items	2	(9)	(3)
EBIT	242	234	420
Net interest expense	(11)	(8)	(23)
Net income before tax & minority interests	231	226	397



EADS - Contribution to Lagardère consolidated cash flow statement

2006 First-Half Results

(€m)	H1 2005	H1 2006	FY 2005
Cash flow from operations before interest, taxes & changes in working capital	322	292	644
Changes in working capital	104	(190)	155
Net cash flow from operations	426	102	799
Net interest and taxes paid	(2)	(7)	(29)
Net cash flow from operations after interest & taxes	424	95	770
Investments	(256)	(184)	(578)
<i>Intangible assets and PP&E</i>	(185)	(168)	(427)
<i>Financial assets</i>	(71)	(16)	(151)
Asset disposals	75	150	176
<i>Intangible assets and PP&E</i>	25	46	53
<i>Financial assets</i>	50	104	123
(Purchase)/disposal of ST investments	(56)	(55)	(123)
Net cash flow: investing activities	(237)	(89)	(525)
Net cash flow from operating and investing activities	187	6	245



EADS – Restated balance sheet/contribution to Lagardère consolidated balance sheet

2006 First-Half Results

(€m)	June 30, 2006	EADS 100%	Lagardère restatements	EADS 100% (restated)	EADS 14.87% (restated)
Non-current assets		35,904	(5,745)	30,159	4,485
Current assets		35,315	507	35,822	5,328
<i>of which short-term investments & cash</i>		9,330	507	9,837	1,463
TOTAL ASSETS		71,219	(5,238)	65,981	9,813
Stockholders' equity		15,372	(5,008)	10,364	1,542
Non-current liabilities		24,521	(230)	24,291	3,613
<i>of which financial debt</i>		3,836		3,836	570
Current liabilities		31,326		31,326	4,658
<i>of which financial debt</i>		4,335		4,335	645
TOTAL LIABILITIES & EQUITY		71,219	(5,238)	65,981	9,813



Lagardère - Net income from “Other Activities”

2006 First-Half Results

(€m)	H1 2005	H1 2006	FY 2005
Recurring EBIT	(1)	5	1
Non-recurring items	(2)	0	0
Net interest income/(expense)	3	(34)	(1)
TOTAL	0	(29)	0



Lagardère – Summary of net income

2006 First-Half Results

(€m)	H1 2005	H1 2006	FY 2005
Lagardère Media	200	225	447
EADS	231	226	397
Other Activities	0	(29)	0
Net income before tax	431	422	844
Income tax expense	(121)	(133)	(142)
Net income before minority interests	310	289	702
Net income	294	280	670
Minority interests	16	9	32



Reconciliation of recurring EBIT before associates to EBIT

Details by division and business segment



Reconciliation of recurring EBIT before associates to EBIT – H1 2006

2006 First-Half Results

(€m)	Books	Press	Distribution services	Lagardere Active	Other Activities	Total excl. EADS	EADS	Total Group
Recurring EBIT before associates	68	55	42	41	5	211	236	447
Gain from release of negative goodwill to income			5			5		5
Net gain/(loss) on disposals	2		9			11	17	28
Restructuring costs		(7)		(1)		(8)	(26)	(34)
Income from associates		8		33		41	7	48
EBIT	70	56	56	73	5	260	234	494



Reconciliation of recurring EBIT before associates to EBIT – H1 2005

2006 First-Half Results

(€m)	Books	Press	Distribution services	Lagardere Active	Other Activities	Total excl. EADS	EADS	Total Group
Recurring EBIT before associates	53	68	40	34	(1)	194	221	415
Impairment losses on goodwill and intangibles		(1)				(1)		(1)
Net gain/(loss) on disposals	1			6	(2)	5	8	13
Restructuring costs		(9)				(9)	(6)	(15)
Income from associates		5		28		33	19	52
EBIT	54	63	40	68	(3)	222	242	464



Reconciliation of recurring EBIT before associates to EBIT – FY 2005

2006 First-Half Results

(€m)	Books	Press	Distribution services	Lagardere Active	Other Activities	Total excl. EADS	EADS	Total Group
Recurring EBIT before associates	189	161	106	47	1	504	392	896
Impairment losses on goodwill and intangibles		(10)		(49)		(59)		(59)
Net gain/(loss) on disposals	6	1	3	7		17	6	23
Restructuring costs		(21)		(4)		(25)	(9)	(34)
Income from associates	1	16		46		63	31	94
EBIT	196	147	109	47	1	500	420	920



Additional balance sheet information



Lagardère – Debt maturity (excluding EADS)

2006 First-Half Results

(€m) at June 30, 2006	< 1 year	1-5 years	> 5 years	Total
Bonds	764	1,636	240	2,640
Bank borrowings	142	283	14	439
Finance lease obligations	12	62		74
Liability arising from commitment to buy out minority interests	30	19		49
Other debt	449	11	4	464
TOTAL	1,397	2,011	258	3,666

Short-term investments & cash (excluding EADS): €1,993m



Off balance sheet commitments (excl. EADS)

2006 First-Half Results

(€m)	June 30, 2006	Dec 31, 2005
Commitments to purchase shares from third parties (other than minority interests)	17	17
Commitments given in connection with ordinary activities:		
- guarantees/performance bonds	47	47
- guarantees in favor of third parties or non-consolidated companies	59	59
Mortgages and pledges of assets	2	3



Significant events



Books

2006 First-Half Results

Overview

- **2006 first-half performances:**
 - Net sales: up 2.0% on a like-for-like basis
up 13.6% on a reported basis
 - Recurring EBIT before associates: up 27.0%

- **Context for the first half of 2006:**
 - French publishing market virtually flat
 - Hachette Livre growth ahead of the market
 - Acquisition of TWBG in the USA propels Hachette Livre to world no.3



Books

2006 First-Half Results

France

■ Literature:

- Lattès still buoyed by the success of Dan Brown
- Fine performances by Fayard and Grasset driven by bestsellers like Benoîte Groult's *La Touche Étoile*
- Livre de Poche bearing up well in a highly competitive market

■ Education:

- First half not meaningful, but market share gains in distance learning

■ Hachette Illustrated:

- Ongoing overhaul of editorial policy in practical titles
- Tourist guides hit by increasingly competitive market



Books

2006 First-Half Results

France

- **Larousse:**
 - High level of returns on new encyclopedias launched in 2005
 - Sales holding steady in most other sectors

- **Distribution:**
 - First half devoted to integration of Larousse, Payot-Rivages and Tonkam
 - Integration of these newly-acquired companies going extremely well

- **Part-Works:**
 - Continuing international expansion vindicates rollout strategy adopted from outset: *Casse-tête* and *Big Monster Truck* in France, *Calligraphy* in UK, *Italian Cars* in Italy, *Titanic* in Japan



Books

2006 First-Half Results

Spain

- Sales in line with expectations overall
- Success for Salvat in part-works

UK

- Fine performances from Hodder Headline, Orion and Watts

USA

- Acquisition of Time Warner Book Group, 5th largest US publisher, in first half
- Publisher of mass market fiction, illustrated books, religious works, children's books and audio books
- Important distributor for third-party publishers such as Disney and Microsoft

2006 full-year outlook

- Hachette Livre: the most spectacular growth in the world publishing industry since 2002
- Objective reached: becoming one of the world top 3



Press

2006 First-Half Results

Overview

■ 2006 first-half performances:

- Net sales: down 1.1% on a like-for-like basis
up 0.2% on a reported basis
- Recurring EBIT before associates: down 19.5%
(down 12% for the magazine business)

■ Context for the first half of 2006:

- As announced on June 1, 2006 is a transitional year, preparing for 2007 and beyond
- Advertising revenues flat, news-stand sales down overall
- Very fine performances from the *Elle* franchise in all countries



Press

2006 First-Half Results

Magazine Publishing: France

- **Circulation:**
 - Lower news-stand net sales for:
 - Celebrity/news magazines
 - Titles for men: *Entrevue* and *Choc*; shutdown of *Maximal* this summer
 - Market share of *Télé 7 Jours* effectively protected by the new format, launched in April 2006
 - Subscription sales still rising
- **Advertising:**
 - Mixed picture in the magazine advertising market, but slight growth in volumes:
 - Celebrity magazines advancing strongly, but titles for men in decline
 - Strong growth for weeklies at the expense of monthlies
- **New launches:**
 - *Choc* losing steam, repositioning in progress
 - *Public*:
 - Fine performances continue, with total circulation up 15%
 - Still market leader among women readers aged 15 to 34
 - Web presence via the successful “Public TV” concept



Press

2006 First-Half Results

Magazine Publishing: International

Slight increase in net sales, with growth in emerging markets canceling out lower US sales and the discontinuation of some titles

- **USA:**
 - Focus on up-market women's titles and auto magazines
 - Acceleration in development of two websites: *Elle* and *Car&Driver*
- **Italy:**
 - Slight increase in advertising revenues
 - Circulation still affected by highly competitive environment
- **UK:**
 - Tough conditions in the youth/children's magazine market
 - *Elle* and *Red* women's magazines bearing up well
- **Japan:**
 - Recent shutdown of 3 titles (*30 ans*, *Gentry*, *Premiere*)
 - Circulation figures holding steady
- **Russia/China:**
 - Ongoing expansion in these fast-growing economies
 - Launch of Chinese version of *Psychologies Magazine* at end June 2006



Press

2006 First-Half Results

Daily press and supplements

- Performance of regional publishers seriously affected by delivery drivers' strike in Corsica
- Circulation figures stable excluding the effect of the strike
- New tabloid format *Nice Matin* launched in April
- Installation of new rotary presses at Marseille completed
- Good performances from *Version Femina* and new version of *TV Hebdo*

Other activities

- Further growth in licensing revenues, especially in Asia
- Net sales from photo agencies lower than in H1 2005

2006 full-year outlook

- Ongoing restructuring
- First steps:
 - Alliance for regional daily newspapers currently being finalized
 - Rationalization of portfolios and geographical coverage (€20m full-year effect on earnings)
 - Acceleration of web strategy: *Info bébés* and *Infos crèche* titles, plus 51% of the Infobebes.com site and the Thotnet web agency acquired in July 2006



Distribution Services

2006 First-Half Results

Overview

■ 2006 first-half performances:

- Net sales: up 2.3% on a like-for-like basis
down 1.9% on a reported basis
- Recurring EBIT before associates: up 5.5%

■ Sector trends:

- Growth in retail spurred by increased air traffic and expansion of our networks
- French retail activities hampered by decline in music market
- Distribution on a downtrend, driven by lower sales in the USA and Belgium

■ Geographical trends:

- French retail activities stagnating, Aelia advancing but lower sales at Virgin
- Slight rise in rest of Europe, but strong growth in Central Europe
- Drop in North American sales
- Good performance from ASPAC, thanks to acquisitions of Collins and WHS outlets



Distribution Services

2006 First-Half Results

France

■ Relay:

- Managed net sales down 0.4% vs. H1 2005
- Decline in press/telephony, tobacco stable, strong growth in food & confectionery
- Networks: French railways (SNCF) down, growth for airports and Eiffel Tower
- Development of new concepts, such as the *Départ immédiat* drugstore

■ Aelia:

- Net sales up 5.4% in H1 2006
- Driven by recovery in trading at airports, new outlets in Marseille, and expansion in the UK
- Further fall in trading at Eurotunnel

■ Leisure/cultural products retailing:

- Virgin sales down, due to weaker music and video sales
- Furet du Nord sales slightly lower (down 0.7%)
- 60% growth in sales for VirginMega.fr, France's no.2 operator, with encouraging initial results from the site's new VoD offer launched in April



Distribution Services

2006 First-Half Results

Europe

■ Belgium:

- Net sales for press distribution down 5.5% on a like-for-like basis
- The new contracts change the definition of distribution sales, negative impact 28%
- Retail network sales up 1.3% relative to H1 2005

■ Spain:

- Net sales for the SGEL distribution business down 2.6% in H1 2006 due to:
 - Drop in local press business
 - Further decline in part-works sales
- Retail business down 6.7%, due largely to new anti-smoking legislation

■ Germany:

- Retail net sales up 6.1%, driven by airports
- June 2006 opening of 3 outlets at the new Berlin central train station
- International press import/export business sold in May to minority shareholder DPV

■ Switzerland:

- Managed net sales virtually in line with H1 2005 (down 0.1%) at constant exchange rate
- Naville net sales also stable (up 0.1%) in a sharply declining press market
- Payot bookshop chain down 1.4% in a weakening book market



Distribution Services

2006 First-Half Results

Eastern Europe

■ Poland:

- Net sales for retail business up 21.6%, with 57 new sales outlets
- Net sales for distribution business up 56.4% in H1 2006

■ Hungary:

- Retail network sales up 6.5% thanks to network expansion
- 9.3% growth for distribution business, due mainly to non-press activities

■ Czech Republic:

- Ending of the 50/50 partnership with Rautakirja (Finland), set up in 2003
- 22% sales growth for retail subsidiary, thanks largely to opening of 14 new outlets

■ Romania:

- Business consolidated since 1 January 2006
- Very strong topline growth: net sales up 74.7% at constant exchange rates
- Same-store growth of 31% for the retail network



Distribution Services

2006 First-Half Results

North America

- Net sales for the Curtis distribution business down 10.2% at constant exchange rates
- In Canada, LMPI sales up 7.7%
- Growth of 3.4% for the retail business in the USA
- Slight growth (0.6%) for the retail business in Canada

Asia-Pacific

- Net sales from operations in the Asia-Pacific zone up 85.1%
- In Australia, strong growth for Newslink, with net sales up 49%

Outlook

- Impact of new airport security measures on Aelia
- Further development of retail activities:
 - Diversification of formats
 - Opening of new outlets
 - Modernization of existing networks



Audiovisual

2006 First-Half Results

Overview

■ 2006 first-half performance:

- Net sales: down 3.1% on a like-for-like basis
down 2.2% on a reported basis
- Recurring EBIT before associates: up 21.2%

Television

- Net sales down 16% vs. H1 2005:
 - Production business 18% lower on exceptionally tough H1 2005 comparative
 - Theme channels 15% lower: shutdown of Match TV at end August 2005
- H1 2006 impacted by costs associated with Digital Terrestrial Television



Audiovisual

2006 First-Half Results

Radio & radio advertising sales houses

- Net sales for the Radio business up 11% on H1 2005
- Modest advance of 1% in French net sales
- International radio activities up 23% on a like-for-like basis, thanks largely to good results in Russia (70% growth)

■ Audience ratings:

- Latest French audience ratings published by Médiamétrie (April-June 2006, 13+ age bracket), compared with same period in 2005:
 - Europe 1: audience share 7.9%, down 0.4%
 - RFM: audience share 4.1%, up 0.7%
 - Europe 2: audience share 2.5%, down 0.3%

■ Outlook for Radio:

- France: outlook still dependent on advertising market, on which visibility is poor
- LARI well placed to tap growth in countries where it has operations



Audiovisual

2006 First-Half Results

New media

■ Cellfish:

- Formation in early 2006 of Cellfish Media, bringing together mobile activities in the USA (Lagardere Active North America), France (Plurimedia) and Germany (Legion)
- **USA:** Cellfish is one of the foremost producers of mobile personalization products, with content distributed by the major operators
- **France:** One of the top 3 download content producers, Cellfish France has been the biggest print media advertiser since end 2005
- **Germany:** Legion GmbH is market leader in interactive mobile services

■ Hachette Multimedia:

- Sale of Hachette Multimedia's CD-ROM distribution business to Emme at end 2005
- Focus on content producer role
- New version of the *Atout Clic* range of educational CD-ROMs in preparation



Lagardère share price performance



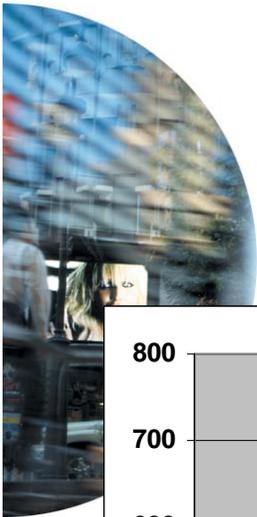
Lagardère share price - Lagardère vs «CAC 40» & «DJ STOXX MEDIA»

2006 First-Half Results



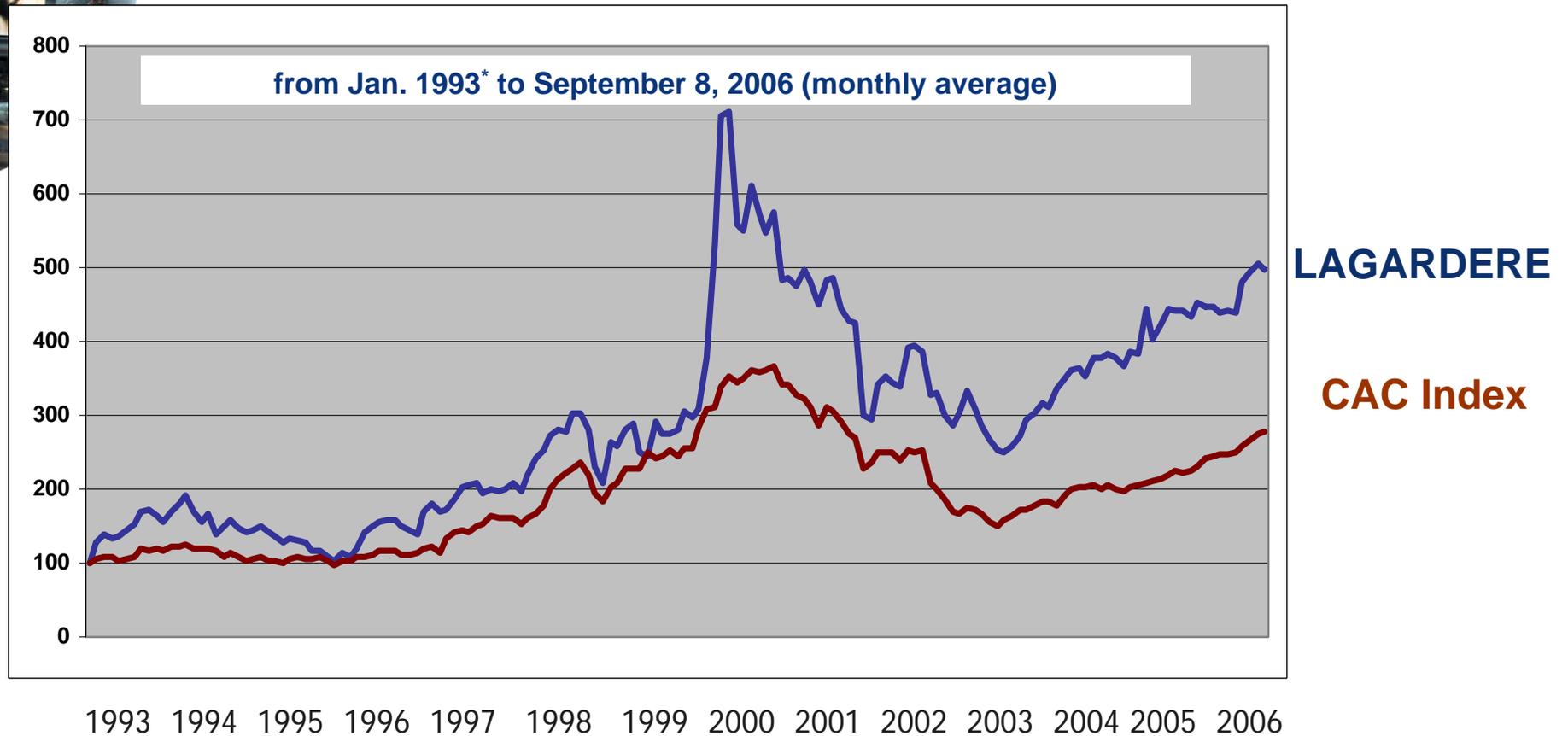
* Arnaud Lagardère appointed as General Partner and head of Lagardère Media

Lagardère



Share price performance Lagardère vs. CAC 40

2006 First-Half Results



January, 1993* - Share price base: 100 = € 13 (FRF 85)

* Dec. 1992 - Merger of Matra and Hachette leading to the formation of Lagardère

Lagardère