

Lagardère

Analyst Meeting

September 12, 2007



Warning

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.

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Key figures

Key Figures

- **Net sales up 6.8% at €3,955m (vs. €3,705m for H1 2006)**
 - Like-for-like growth of 1.2%
- **Recurring EBIT before associates:**
 - Up 34.1% at €270m (vs. €202m in H1 2006)
 - 13.5% growth based on parameters used in guidance issued to the market (Sports excluded from Lagardère Media, and dollar/euro rate of 1.30)
- **Net income: €499m (vs. €280m in H1 2006)**
 - Adjusted net income excluding EADS: €144m (vs. €135m in H1 2006)
- **Earnings per share:**
 - Basic: €3.72
 - Diluted: €3.71
- **Free cash flow*:**
 - -€179m (vs +€83m in H1 2006)

* *Sum total of net cash flows from operating activities and net acquisitions of property, plant and equipment and intangible assets*



Financial Indicators by Division



Lagardère Publishing

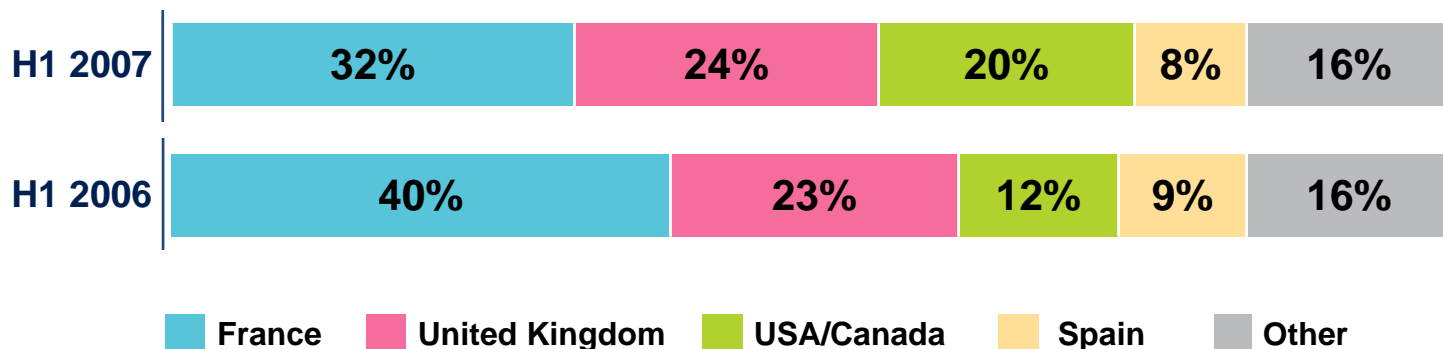
**Changes
in scope of
consolidation**

Acquisition of the *Pika* publishing house, fully consolidated from April 1, 2007

Consolidation over the entire 6-month period of *Time Warner Book Group*, which in H1 2006 was only consolidated from April 1

Net sales

- **H1 2007 net sales: €97m (vs. €111m in H1 2006), up 10.6% on a reported basis and 1.7% on a like-for-like basis**
 - Impact of exchange rates: -0.4%
 - Impact of changes in scope of consolidation: +9.3%
- **Key growth drivers**
 - In the United States: *Hachette Book Group*
 - Education in France
- **Net sales by geographical area**



Income statement data

<i>(€m)</i>	H1 2006	H1 2007	Change
Net sales (a)	811	897	+ 10.6%
Recurring EBIT before associates (b)	67	71	+ 5.5%
Income from associates	1	1	
Non-recurring items	2	4	
EBIT	70	76	+ 8.6%
Operating margin (b) / (a)	8.3%	7.9%	



Lagardère Active

**Changes
in scope of
consolidation**

Acquisition and consolidation from June 1, 2007 of the American company *Jumpstart Automotive Media*, an online advertising agency serving the U.S. automotive sector

Acquisition of a further 50% of *Presse Féminine SPF* taking the interest held to 100%; fully consolidated from April 1, 2007 (previously accounted for as an associate by the equity method)

***Cellfish Media* accounted for as an associate by the equity method over the whole of H1 2007 (fully consolidated until September 30, 2006)**

Deconsolidation of *La Chaine Météo*, the production company *DMLS TV*, and *Hachette Photo Presse*, due to divestment

January 4, 2007: acquisition of 20% interest in *Canal+ France*, by the transfer on that date of Lagardère's 34% interest in *CanalSatellite* and by the purchase of shares for €469m on December 19, 2006. In 2006, the 34% interest in *CanalSatellite* was accounted for as an associate by the equity method. In 2007, the 20% interest in *Canal+ France* is also accounted for as an associate by the equity method

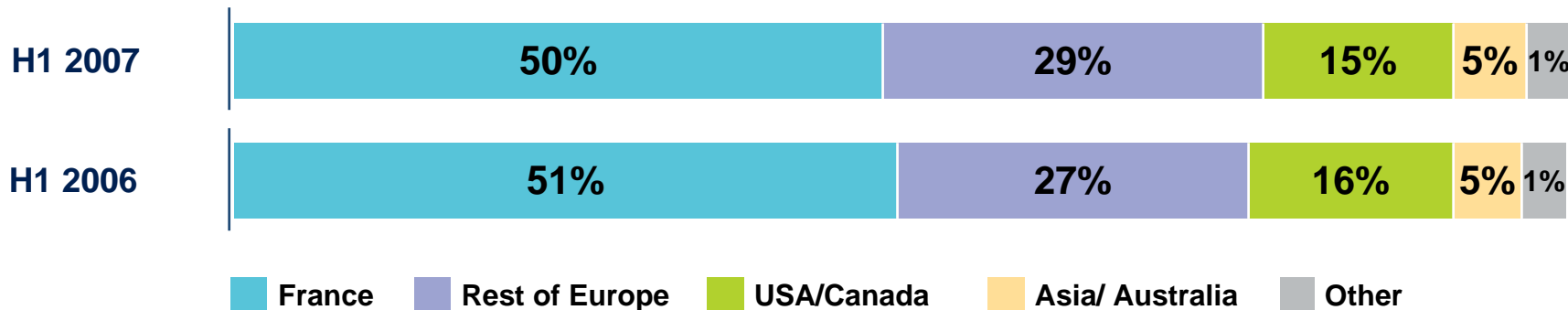
Net sales

- **H1 2007 net sales: €1,094m (vs. €1,160m in H1 2006), down 5.7% on a reported basis and down 0.2% on a like-for-like basis**
 - Magazines: €868m, up 0.5% (up 1.1% on a like-for-like basis)
 - Radio: €146m, up 4.3% (up 3.9% on a like-for-like basis)
 - TV: €79m, down 24.3% (down 17.2% on a like-for-like basis)
 - Broadband: €1m

- **Digital revenues: €25m, or 2.3% of Lagardère Active net sales**

- **Key growth drivers for Magazines and Radio:**
 - Magazines: Russia, China
 - Radio: Russia

- **Net sales by geographical area**



Income statement data

(€m)	H1 2006	H1 2007	Change
Net sales (a)	1,160	1,094	- 5.7%
Recurring EBIT before associates (b)	90	106	+ 17.3%
incl. Magazines	46	62	+ 31.5%
Radio	41	42	+ 0.4%
TV	7	1	- 90.1%
Broadband	(4)	1	NS
Income from associates before amortization of acquisition-related intangible assets	45	32	
Non-recurring/non-operating items	(8)	(66)*	
EBIT	127	72	- 43.4%
Operating margin (b) / (a)	7.8%	9.7%	
incl. Magazines	5.4%	7.1%	
Radio	28.4%	28.7%	
TV	6.7%	0.9%	

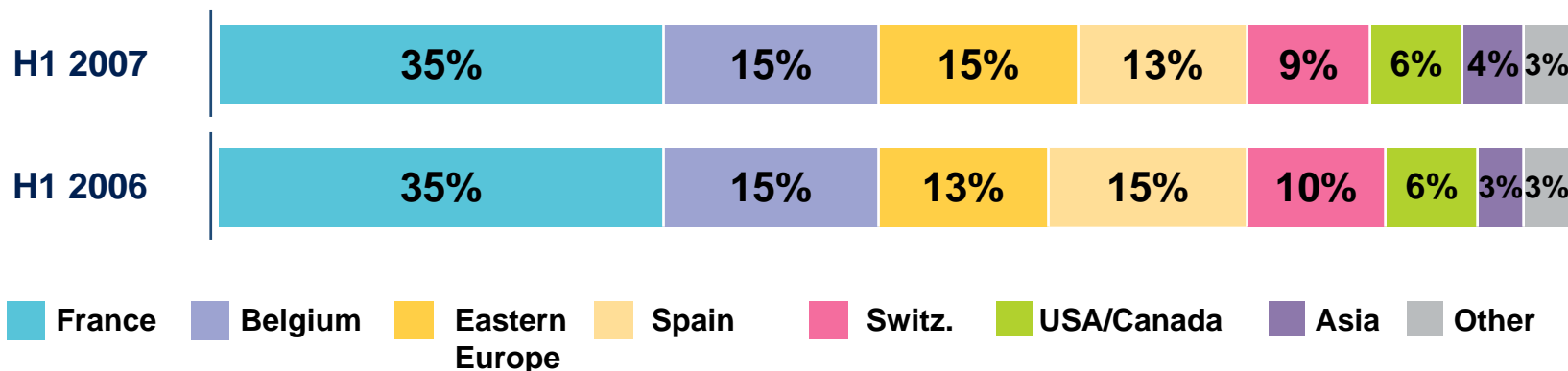
** including €42m of impairment losses on goodwill and intangible assets relating to fully-consolidated companies, and €10m of amortization charged against the portion of purchase price allocated to identifiable intangible assets of associates*



Lagardère Services

Net sales

- **H1 2007 net sales: €1,754m (vs. €1,734m in H1 2006), up 1.2% on a reported basis and up 1.7% on a like-for-like basis**
 - Impact of exchange rates: - 0.3%
 - Impact of changes in scope of consolidation: - 0.2%
- **Key growth drivers:**
 - Eastern Europe: Hungary, Czech Republic, Romania, Poland
 - Aélia and duty-free activities in the Asia-Pacific region
- **Net sales by geographical area**



Income statement data

(€m)	H1 2006	H1 2007	Change
Net sales (a)	1,734	1,754	+ 1.2%
Recurring EBIT before associates (b)	39	45	+ 16.8%
Income from associates	2	3	
Non-recurring items	14	(61)*	
EBIT	55	(13)	NS
Operating margin (b) / (a)	2.2%	2.6%	

** including €60m of impairment losses on goodwill and intangible assets*



Lagardère Sports

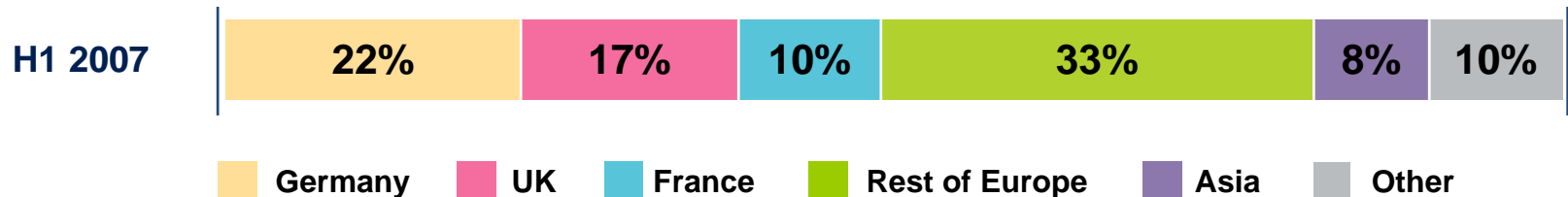
**Changes
in scope of
consolidation**

Acquisition of the entire capital of *Sportfive* (management of sports marketing and broadcasting rights), fully consolidated from January 1, 2007

Acquisition of *Newsweb* (producer and distributor of web content), fully consolidated from January 1, 2007

Net sales

- H1 2007 net sales: €210m
- Up 31% on a reported basis versus H1 2006 pro forma net sales
- Key growth drivers:
 - Large number of international soccer matches (including Euro 2008 qualifiers) and fine performance from the 2007 Handball World Cup (held every 4 years)
 - Integration of the UK-based Sports Marketing Division, an outdoor advertising specialist (acquired in 2006)
 - Good results at Newsweb: fine audience growth, especially at Sports.fr
- Net sales by geographical area



Income statement data

(€m)	H1 2007
Net sales (a)	210
Recurring EBIT before associates* (b)	29
Income from associates	-
Amortization of acquisition-related intangible assets	(14)
Non-recurring items	-
EBIT	15
Operating margin (b) / (a)	14.0%

* *Before amortization of acquisition-related intangible assets remeasured at fair value*

Summary



Financial

Information

Lagardère Media: income statement data

<i>(€m)</i>	H1 2006	H1 2007
Recurring EBIT before associates	196	251
Contribution from associates, before amortization of acquisition-related intangible assets	48	36
Recurring EBIT	244	287
Net gains/(losses) on disposals	16	9
Impairment losses on goodwill and intangible assets	-	(102)
Restructuring costs	(8)	(20)
Amortization of acquisition-related intangible assets		
- fully-consolidated entities	-	(14)
- associates	-	(10)
EBIT	252	150

EBIT

(€m)	H1 2006	H1 2007	Change
Lagardère Media	252	150	- 40.4%
Other activities	6	19	NS
Total excluding EADS	258	169	- 34.3%
Equity-accounted contribution from EADS	163	18	
Gain on disposal of EADS shares	-	472	
Total Lagardère	421	659	+ 56.5%



On June 25, 2007, in accordance with the schedule stipulated in the issue terms of the Mandatory Exchangeable Bond, Lagardère sold approximately 2.5% of the capital of EADS to the bondholders in redemption of the first one-third tranche of the issue.

Interest expense and income taxes

(€m)	H1 2006	H1 2007
Lagardère Media	(30)	(63)
Other activities	(34)	(42)
Total interest expense	(64)	(105)
Income taxes	(65)	(41)*

** including €5m deferred tax gain on amortization of acquisition-related intangible assets*

Consolidated income statement

(€m)	Media	EADS & Other	H1 2006	Media	EADS & Other	H1 2007	Change
Net sales	3,705	-	3,705	3,955	-	3,955	+ 6.8%
Recurring EBIT before associates	196	6	202	251	19	270	+ 34.1%
Income from associates			211			54	
excluding EADS *	48	-	48	36	-	36	
EADS	-	163	163	-	18	18	
Non-recurring/non-operating items	8	-	8	(137)	472	335	
EBIT	252	169	421	150	509	659	+ 56.5%
Net interest expense	(30)	(34)	(64)	(63)	(42)	(105)	
Net income before tax	222	135	357	87	467	554	+ 55.3%
Income taxes	(102)	37	(65)	(53)	12	(41)	
Net income before minority interests	120	172	292	34	479	513	+ 75.8%
Net income	108	172	280	20	479	499	
Minority interests	12	-	12	14	-	14	

* Before amortization of acquisition-related intangible assets

Adjusted net income (excl. EADS contribution)

(€m)	H1 2006	H1 2007	Comments
Net income	280	499	€27m before gain on EADS
Equity-accounted contribution from EADS	(163)	(18)	
Amortization of acquisition-related intangible assets, net of tax	-	19	
Net income before amortization of acquisition-related intangible assets	117	500	
<i>Restructuring costs, net of tax</i>	8	18	
<i>Net (gains)/losses on disposals, net of tax</i>	(16)	(481)	incl. €472m gain on EADS
<i>Impairment losses on goodwill and intangible assets, net of tax</i>	-	78	
<i>Mandatory Exchangeable Bond interest expense, net of interest income calculated at market rates</i>	26	29	
Total non-recurring items	18	(356)	
Adjusted net income excluding EADS	135	144	
Adjusted earnings per share (in euros):			
- Basic	0.97	1.07	
- Diluted	0.96	1.07	

Consolidated cash flow statement

(€m)	H1 2006	H1 2007
Cash flow from operations before interest, taxes and changes in working capital	422	341
Changes in working capital	(243)	(251)
Net cash flow from operations	179	90
Net interest and taxes paid	(64)	(205)
Net cash flow from operations after interest and taxes	115	(115)
Investments	(608)	(1,083)
<i>Property, plant & equipment and intangible assets</i>	(69)	(94)
<i>Financial assets</i>	(539)	(989)
Asset disposals	168	715
<i>Property, plant & equipment and intangible assets</i>	37	30
<i>Financial assets</i>	131	685
(Purchase)/disposal of short-term investments	(1)	8
Net cash flow from investing activities	(441)	(360)
Net cash flow from operating and investing activities	(326)	(475)

Change in net debt, H1 2006 and H1 2007

<i>(€m)</i>	H1 2006	H1 2007
Net debt at start of period	(1,075)	(2,045)
Net cash outflow from operating and investing activities	(326)	(475)
Cash flows related to equity transactions	(158)	(349)
Purchase/(disposal) of short-term investments	1	(8)
Liabilities arising from commitments to buy out minority interests	27	2
Remeasurement of financial liabilities at fair value	(115)	19
Impact of exchange rate, changes in scope of consolidation and other factors	(36)	81
Net debt at end of period	(1,682)	(2,775)

Consolidated balance sheet

<i>(€m)</i>	Dec 31, 2006	June 30, 2007
Non-current assets (excl. investments in associates)	5,167	5,623
Investments in associates		
<i>EADS</i>	1,187	956
<i>Other</i>	1,309	1,802
Current assets (excl. short-term investments and cash)	3,281	3,557
Short-term investments and cash	1,633	803
TOTAL ASSETS	12,577	12,741
Stockholders' equity	4,610	4,675
Non-current liabilities (excluding debt)	837	824
Non-current debt	2,309	2,118
Current liabilities (excluding debt)	3,452	3,664
Current debt	1,369	1,460
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	12,577	12,741

Stockholders' equity and net debt

<i>(€m)</i>	Dec 31, 2006	June 30, 2007
Stockholders' equity	4,610	4,675
Net debt	(2,045)	(2,775)
Gearing	44.4%	59.4%
Net cash/(debt), excluding Mandatory Exchangeable Bond	99	(1,383)
Gearing, excluding Mandatory Exchangeable Bond	NA	29.6%



Appendices

Analysis of non-recurring/non-operating items: H1 2007

(€m)	Lagardère Publishing	Lagardère Active	Lagardère Services	Lagardère Sports	Other activities	Total
Gains on disposals	4	4	1	-	472	481
Impairment losses on goodwill and intangible assets	-	(42)	(60)	-	-	(102)
Restructuring costs	-	(18)	(2)	-	-	(20)
Amortization of acquisition- related intangible assets						
- fully-consolidated companies	-	-	-	(14)	-	(14)
- associates	-	(10)	-	-	-	(10)
TOTAL	4	(66)	(61)	(14)	472	335

Analysis of non-recurring/non-operating items: H1 2007

<i>(€m)</i>	Lagardère Publishing	Lagardère Active	Lagardère Services	Lagardère Sports	Other activities	Total
Gains on disposals	2	-	9	-	-	11
Negative goodwill released to income	-	-	5	-	-	5
Restructuring costs	-	(8)	-	-	-	(8)
TOTAL	2	(8)	14	-	-	8

Contribution from associates by business segment

(€m)	H1 2006	H1 2007
Lagardère Publishing	1	1
Lagardère Active	45	22
- <i>Audiovisual</i> *	30	12
- <i>Press</i>	15	10
Lagardère Services	2	3
Total Lagardère Media	48	26
EADS	163	18
TOTAL	211	44

* including impact of amortization of acquisition-related intangible assets: -€10m

Principal associates

(€m)	2006		2007	
	Balance sheet Dec 31, 2006	Income statement H1 2006	Balance sheet June 30, 2007	Income statement H1 2007
EADS	1,187	163	956	18
Canal+ France	-	-	1,436	13*
CanalSatellite	935	32	-	-
Marie-Claire	234	5	236	3
Other	140	11	130	10

* After amortization of €10m charged against acquisition-related intangible assets

Cash flow statement data

(€m)	H1 2006	H1 2007
Cash flow from operations before interest, taxes and changes in working capital	81	86
Changes in working capital	(125)	(144)
Net cash flow from operations	(44)	(58)
Net interest and taxes paid	(19)	(55)
Net cash flow from operations after interest and taxes	(63)	(113)
Investments	(466)	(32)
<i>Property, plant & equipment and intangible assets</i>	(13)	(16)
<i>Financial assets</i>	(453)	(16)
Asset disposals	150	8
<i>Property, plant & equipment and intangible assets</i>	36	8
<i>Financial assets</i>	114	-
(Purchase)/disposal of short-term investments	-	-
Net cash flow from investing activities	(316)	(24)
Net cash flow from operating and investing activities	(379)	(137)

Cash flow statement data

(€m)	Audio visual	Press	H1 2006	Audio visual	Press	H1 2007
Cash flow from operations before interest, taxes and changes in working capital (1)	124	58	182	46	57	103
Changes in working capital	(12)	(36)	(48)	(11)	8	(3)
Net cash flow from operations	112	22	134	35	65	100
Net interest and taxes paid	(40)	(26)	(66)	(51)	(27)	(78)
Net cash flow from operations after interest & taxes	72	(4)	68	(16)	38	22
Investments	(56)	(32)	(88)	(21)	(95)	(116)
<i>Property, plant & equipment and intangible assets</i>	(4)	(23)	(27)	(6)	(14)	(20)
<i>Financial assets</i>	(52)	(9)	(61)	(15)	(81)	(96)
Asset disposals	8	4	12	3	2	5
<i>Property, plant & equipment and intangible assets</i>	-	1	1	-	1	1
<i>Financial assets</i>	8	3	11	3	1	4
Net cash flow from investing activities	(48)	(28)	(76)	(18)	(93)	(111)
Net cash flow from operating and investing activities	24	(32)	(8)	(34)	(55)	(89)

(1) H1 2006 figure includes €71m of dividends received from CanalSatellite

Cash flow statement data

(€m)	H1 2006	H1 2007
Cash flow from operations before interest, taxes and changes in working capital	70	68
Changes in working capital	(39)	(62)
Net cash flow from operations	31	6
Net interest and taxes paid	(15)	(12)
Net cash flow from operations after interest and taxes	16	(6)
Investments	(45)	(36)
<i>Property, plant & equipment and intangible assets</i>	(28)	(33)
<i>Financial assets</i>	(17)	(3)
Asset disposals	6	9
<i>Property, plant & equipment and intangible assets</i>	-	4
<i>Financial assets</i>	6	5
(Purchase)/disposal of short-term investments	(1)	8
Net cash flow from investing activities	(40)	(19)
Net cash flow from operating and investing activities	(24)	(25)

Cash flow statement data

<i>(€m)</i>	H1 2007
Cash flow from operations before interest, taxes and changes inworking capital	47
Changes in working capital	(11)
Net cash flow from operations	36
Net interest and taxes paid	(20)
Net cash flow from operations after interest and taxes	16
Investments	(894)
<i>Property, plant & equipment and intangible assets</i>	(21)
<i>Financial assets</i>	(873)
Asset disposals	11
<i>Property, plant & equipment and intangible assets</i>	-
<i>Financial assets</i>	11
Net cash flow from investing activities	(883)
Net cash flow from operating and investing activities	(867)

Debt maturity

(€m) at June 30, 2007	< 1 year	1-5 years	> 5 years	Total
Mandatory Exchangeable Bond	688	704	-	1,392
Other bond issues	112	171	232	515
Bank borrowings	118	930	-	1,048
Finance lease obligations	19	46	-	65
Liabilities arising from commitments to buy out minority interests	30	23	-	53
Other debt	493	8	4	505
TOTAL	1,460	1,882	236	3,578



Short-term investments and cash: €803m

Off balance sheet commitments & other information

<i>(€m)</i>	Dec 31, 2006	June 30, 2007
Commitments to purchase shares from third parties (other than minority interests)	16	10
Commitments given in connection with ordinary activities		
- guarantees/performance bonds	48	56
- guarantees in favor of third parties or non-consolidated companies	15	71
Mortgages and pledges of assets	2	2

In addition, the minimum future contractual payments due by Sportfive under long-term TV and marketing rights contracts amounted to €429m as of June 30, 2007. Of this amount, €228m is covered by contracts with broadcasters and partners, and the remaining €201m will have to be covered by Sportfive's future revenues.



Significant events

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Lagardère Publishing

Overview

■ H1 2007 performances:

- Net sales **up 1.7%** on a like-for-like basis
up 10.6% on a reported basis
- Recurring EBIT before associates: **up 5.5%**

France

■ Education :

- Indications of potential for growth in 2007, but H1 is not a particularly meaningful period

■ Literature :

- Sluggish market environment in the first half
- Good performances by Lattès, with the publication of the French version of Dan Brown's *Digital Fortress* and a number of political essays

■ Illustrated:

- Growth for our publishing houses in a lackluster market
- Recovery in travel guides with a new entry-range collection
- Growth in novels thanks to some fine one-off titles
- New developments created by Practical Guides and Marabout
- Acquisition of Pika in the fast-growing manga market

France

- **Larousse:**
 - Sales down due to policy of refocusing on core expertise
 - Indications that sales will stabilize in the second half

- **University and trade:**
 - Sales below expectations due to publication delays

- **Distribution:**
 - Successful integration of Dunod, Dalloz, Masson and Armand Colin
 - New restocking technology under development for low/medium sellers

Other countries

■ Spain:

- Satisfactory sales, back-to-school orders being postponed to later in the summer
- Proposed overhaul of college courses

■ United Kingdom:

- Literature: slight fall from a very high 2006 comparative base, better prospects for H2
- Illustrated: Octopus in line with expectations, break-even expected by end 2007
- Education: H1 not meaningful, outlook poor due to school curriculum reforms in 2008
- Children: sales in line with forecasts
- Distribution: signature of contract with Taylor & Francis, to be implemented in 2008

■ Australia:

- Increase in net sales due to the takeover of Orion and Little Brown distribution

■ United States:

- Dynamic sales performance driven by a large number of best-sellers

■ Part-works:

- Japan, Germany and Latin America made up for lower sales in France and Spain

Strategic options

- **Confirmation of our strategic model: operations in several language regions and in markets with different cycles**

- **Continuation of growth-oriented policies:**
 - initiatives in Mexico, Brazil, the UK, India and China
 - expansion in audio books: 3 acquisitions at end July 2007
 - fine prospects for the shift to digital, recruitment of a Business Development Manager

Outlook for 2007

- **Lagardère Publishing on track to hit 2007 targets, with fine H2 performances expected from educational publishing, and from literature in France and the UK**



Lagardère Services

Overview

■ H1 2007 performances:

- Net sales: up 1.7% on a like-for-like basis
up 1.2% on a reported basis
- Recurring EBIT before associates: up 16.8%

■ By business segment:

- Growth for retail thanks to increased air traffic, despite decline in the French music and video market
- Distribution stable, with lower sales in Spain offset by growth in Hungary, Poland and Belgium

■ By geographical area:

- Growth in French retail, with both Aelia and Virgin advancing
- Strong growth in other European countries
- Slight rise in net sales in North America
- Fine performance for Asia-Pacific, half of it due to new sales outlets

France

■ Relais H:

- Net sales up 0.6% versus H1 2006
- Print media sales up, and strong growth in food and confectionery
- Decline in sales of telephone products and tobacco
- Significant growth for Eiffel Tower stores

■ Aelia:

- Net sales up 2.5% versus H1 2006
- Growth in airports, in the French provinces, at Euronord and in the UK, due largely to increased passenger footfall

■ Retailing of cultural and entertainment products:

- Virgin sales up 2%, with a drop in music and video sales more than offset by books, stationery, electronics, and redeployment of selling space
- Slight drop in sales (0.6%) for Furet du Nord
- VirginMega.fr flat, with 3.4 million downloads during the period

Europe

- **Spain:**
 - Distribution revenues down 8.0% in H1 2007 due to:
 - a further decline in part-works and magazines
 - a drop in local distribution, after the loss of the Las Palmas daily newspapers business
 - lower revenues from book distribution, affected by discontinuation of some contracts
 - Retail revenues up 1%, thanks largely to stronger sales at Relay

- **Germany:**
 - Retail sales up 6.7% on the opening of new outlets in Berlin (3 at the central train station and 2 at Berlin Tegel Airport)

■ Belgium:

- Press distribution revenues down 5.6%
- Retail sales up 4.3% on H1 2006

■ Switzerland:

- Net sales in line with H1 2006 at constant exchange rates
- Naville net sales down 1.4% in a sharply declining press market
- Payot up 3.6% on increased footfall in bookstores
- 5.8% increase in net sales for the OLF book wholesaling business

Eastern Europe

- **Poland:**
 - Net sales for the retail business up 24.3% at constant exchange rates
 - Net sales for the distribution business up 6.6% versus H1 2006
- **Hungary:**
 - Retail sales up 12.2%
 - Distribution revenues up 10.7%
- **Czech Republic:**
 - Retail sales up 29%, boosted by the opening of 17 new sales outlets
- **Romania:**
 - Very strong net sales growth of 114% at constant exchange rates
 - Retail sales up 31% on a constant structure basis

Other countries

■ North America:

- Net sales for the distribution business up slightly in the United States with Curtis (up 1.5%) and in Canada with LMPI (up 2.6%)
- Retail revenues up 4.7% in the United States, but down slightly (by 0.9%) in Canada

■ Asia - Pacific:

- Net sales for the region up 18.6% at constant exchange rates
- 3 new stores opened in Hong Kong, and 5 in Taiwan

Outlook

- **Further expansion of retail networks:**
 - diversification of offerings
 - opening of new outlets
 - modernization of store chains

- **Second-half sales performance will depend on:**
 - trends in airport footfall
 - the quality of the tourist season
 - the level of pre-Christmas and New Year sales at Virgin stores



Lagardère Active

Overview

■ H1 2007 performances:

- Net sales up 0.3% on a like-for-like basis
down 0.2% on a reported basis
- Recurring EBIT before associates: up 31.5% on a reported basis

■ 2007 trading context:

- Transitional year, with the Magazines business flat or declining in mature markets but recording growth in emerging markets, and with web-based media a growing force
- Rationalization of portfolio, in terms of titles and geographic locations
- Acceleration of expansion into web-based media, as part of the Lagardère Active digital strategy

Magazines: France

■ Circulation:

- 2.2% fall in news-stand sales
 - Discontinuation of some titles (*Echo des savanes*, *Maximal*, *Zurban* and *Match du monde*)
 - Further decline in market for lads mags (*Entrevue* and especially *Choc*)
 - Stripping out these two factors, news-stand sales rose 4.1% thanks to a good performance from *Paris Match* (buoyed by a favorable news environment), continuing growth for *Public* (increase in volumes and cover price), and very satisfactory results from *Elle*

- Subscription sales holding steady

Magazines: France

■ Advertising:

- Advertising revenues down, mainly from the retail sector (switching of budgets to TV), the automotive sector (sluggish market and scarcity of new models) and telecoms (help-lines, ISPs and mobile operators)
 - Growth for *Public* thanks to improved circulation figures
 - Sharp fall in advertising revenues for *Entrevue* and *Choc*
 - Erosion for monthlies and magazines in segments with competition from other media

Magazines: International

Sales in several countries affected by discontinuation of titles.
Good performance in advertising, slight drop in circulation revenues.
Revenues from digital activities gathering pace.

■ USA:

- Discontinuation of *For Me*, *Elle Girl*, *Shock* and *Premiere*
- Slight rise in circulation and advertising revenues (excluding discontinued titles)
- Acquisition of Jumpstart (online advertising agency serving the automotive sector)
- 49% like-for like growth in digital, which now accounts for 5% of net sales

■ Italy:

- Discontinuation of *Rakam*, *Quark*, *Gente mese* and *Tuttomoto*
- Drop in advertising revenues (excluding discontinued titles)
- Decline in circulation revenues

■ Spain:

- Discontinuation of *Xtreme Tuning*, *Maxim* and *Asi son las cosas*
- Advertising revenues up, especially in women's magazines
- Circulation revenues down for lads mags, TV mags and home & interiors
- Limitation on giveaway offers

Magazines: International

- **United Kingdom:**
 - Growth in both advertising and circulation revenues

- **Japan:**
 - Circulation revenues steady
 - Advertising revenues lower, especially for women's magazines

- **Russia / China:**
 - Further expansion in these high economic growth countries
 - 44% growth in like-for-like advertising revenues in Russia

Daily newspapers and supplements

- Regional daily press arm currently being sold to the Hersant Média Group, subject to approval from the anti-trust authorities
2% rise in net sales thanks to favorable comparative (*Corse Matin* delivery drivers' strike in H1 2006)
- Year of decline for supplements, *Version Femina* and *TV Hebdo* (largely on a cut in retailers' advertising budgets).
Full consolidation of SPF (publisher of *Version Femina*) from March 2007

Other activities

- Further growth in licensing revenues, especially in Asia
- Photo agencies sold on December 31, 2006

Outlook for 2007

- **First-half trends in principal markets set to continue**
- **Second half should benefit from an acceleration in the contribution from the Active 2009 plan**
- **Ongoing investment in digital**

Television

- **Net sales down 17.2% versus H1 2006 on a like-for-like basis:**
 - 28.8% fall for TV Production, mainly due to delivery delays
 - 2.4% drop for Theme Channels due to renegotiation of royalties with broadcasters, despite fine growth in advertising revenues on digital terrestrial channels

- **Profitability for the Theme Channel content production business will again be affected by the development of digital terrestrial in 2007**

Radio and radio advertising sales houses

- Radio revenues up 3.9% on a like-for-like basis
- Revenues down 3% in France
- International radio revenues up 18.5% on a like-for-like basis, thanks largely to fine results from Russia and Poland

■ Audience:

- Latest audience figures from Médiamétrie (April to June 2007, aged 13+) show the following trends relative to the same period of 2006:
 - Europe 1 (audience share 7.9%): down 0.2%
 - Europe 2 (audience share 3.2%): up 0.7%
 - RFM (audience share 3.6%): down 0.5%

■ Outlook for Radio:

- France: prospects still dependent on a largely unpredictable advertising market
- International: well placed to profit from growth in countries where we have operations

New Media

- CellFish equity-accounted from October 1, 2006
- Withdrawal from CD-Rom sector now complete

- Consequently, net sales were €0.7m, versus €51.6m in H1 2006
- Positive EBIT of €1m, versus negative EBIT of €3.9m in H1 2006



Lagardère Sports

Overview

■ H1 2007 performances:

- Net sales: up 31% on a reported basis versus 2006 half year pro forma, mainly due to seasonal effects

■ Significant events of H1 2007:

- Acquisition of the entire capital of Sportfive (management of sports marketing and broadcasting rights), fully consolidated from January 1, 2007
- Acquisition of Newsweb (producer and distributor of web content), fully consolidated from January 1, 2007
- Signature on June 11, 2007 of an agreement with a view to the acquisition of 100% of IEC (International Events and Communication in Sports), a Swedish sports rights company founded in 1994. The deal was completed on August 31, 2007 following approval from the German anti-trust authorities

Sportfive France

- Business with the French Football Federation bearing up well thanks to TV rights for home qualifying matches for the Euro 2008 soccer tournament
- Club marketing revenues holding steady
- Acquisition of Bataille Production (Interface Sports) in the first half of 2007, opening up a new segment for the Sports division. Recent successes for Bataille Production include production of footage from the Le Mans 24-hour race in June 2007
- Rugby: slight decline in revenues from the 6 Nations Hospitality Village, because France plays one home match less in odd-numbered years

Sportfive Germany and international TV rights

- **Marked advance in TV rights**, thanks to very attractive friendly matches
Strong contribution from Euro 2008 qualifiers, of which 77 were marketed by Sportfive (including Lithuania vs France and Germany vs Israel)
- **Very good season in the UEFA Cup**
- **Big success from the Handball World Championships** in Germany, with Sportfive handling TV and marketing rights as well as production
- **Dynamic overall performance for club marketing activities**

Sportfive Major Events and International Development

■ In Italy

- New management team
- Review of contract portfolio in progress

■ Major Events

- Sale of broadcasting rights for the final phase of the Euro 2008 soccer tournament completed in 36 out of the 50 countries targeted
- Sportfive is also handling the marketing of these matches outside Europe in 15 countries

■ Outlook for 2007

- Hospitality at the Rugby World Cup in France
- Stepping-up of marketing services offering for clubs (naming rights, stadium consulting, etc)
- Launch of a new cross-media platform and new web-TV model for soccer clubs (Paris Saint Germain, Sochaux, Rennes)
- Production for Ligue 2 (second division soccer) in France

Newsweb

- Overall audience growth in H1
- Makeover for the Sport4fun website
- Launch of new sites: Rugbynews, leJDD
- Start of makeover for the Boursier.com and Sports.fr sites