



## Quarterly Information – First Quarter of 2008

**LAGARDÈRE SCA 2008 FIRST-QUARTER CONSOLIDATED REVENUES:  
DOWN 4.9% ON A REPORTED BASIS BUT UP 2.1% ON A LIKE-FOR-LIKE BASIS (\*)**

-- Paris, May 6, 2008 --

Lagardère SCA consolidated revenues for the three months ended March 31, 2008 amounted to €1,814.4m, down 4.9% on a reported basis but up 2.1% on a like-for-like basis.

The differential between the decline in reported revenues and the increase on a like-for-like basis was largely due to the effects of exchange rates (-€39m, reflecting the appreciation of the euro against other currencies, especially the dollar and sterling) and the divestment of Virgin Stores and the Regional Daily Press business (-€141m).

Key trends during the first quarter of 2008 on a like-for-like basis were:

- **Lagardère Publishing** – Growth in line with expectations, driven by strong sales for Hachette Book Group USA, the UK publishing houses and Illustrated Books in France. The Literature market in France remained sluggish.
- **Lagardère Active** – Satisfactory start to the year despite ever tougher market conditions. Good growth for Magazines, thanks to strong advances in emerging markets and healthy resistance to the advertising slowdown in both Europe and the United States. In Radio, strong growth in international activities outweighed a decline in France.
- **Lagardère Services** – Very good start to the year, driven by growth in France, Eastern Europe and Asia.
- **Lagardère Sports** – Good first quarter after excluding the effect of cyclical revenue patterns, which led to a drop in reported revenues.

	Revenues (€m)		Change 2008/2007 (reported)	Change 08/07 (restated, like-for-like)
	Q1 2008	Q1 2007		
<b>LAGARDERE</b>	<b>1,814.4</b>	<b>1,908.2</b>	<b>-4.9%</b>	<b>+2.1%</b>
- Lagardère Publishing	413.3	411.2	0.5%	2.4%
- Lagardère Active	488.9	519.9	(6.0%)	2.0%
o Press	385.3	414.0	(6.9%)	3.1%
o Broadcast	103.6	105.9	(2.2%)	(1.4%)
- Lagardère Services	816.9	863.7	(5.4%)	5.2%
- Lagardère Sports	95.3	113.4	(16.0%)	(20.1%)

(\*) Excluding changes in Group structure and the effects of exchange rates

## Lagardère Publishing

Reported revenues for the first quarter of 2008 were virtually unchanged, rising by just 0.5% to €413m. On a like-for-like basis, revenues were up 2.4%.

This flat revenue performance was mainly due to the effect of exchange rates (-€23m).

The strong pace of growth at Hachette Book Group USA was maintained, boosted by James Patterson's *Maximum Ride* series and by Stephenie Meyer's books.

In the United Kingdom, there was robust growth in adult and children's fiction.

Sales in France fell on a weak market in Literature and the loss of the First contract, which affected the Distribution segment. On the upside, Illustrated Books performed well.

In Spain, Anaya and Bruño reported healthy growth.

## Lagardère Active

The division posted like-for-like sales growth of 2.0%. Reported sales fell by 6.0% to €489m, mainly due to the divestment of the Regional Daily Press business and foreign exchange effects (-€16m).

### Press

Quarterly sales for the Magazines business were €385m, down 6.9% on a reported basis but up 3.1% on a like-for-like basis.

Some of the decline in reported sales was due to the 12.6% fall in the value of the dollar against the euro, while changes in Group structure had a negative effect (-€23m). This mainly resulted from the divestment of the Regional Daily Press business, which was partly offset by the contributions from *Version Femina* (fully consolidated from April 1, 2007) and from acquisitions such as Jumpstart, Nextedia and Doctissimo.

Like-for-like revenue growth versus the first quarter of 2007 was 3.1%. This was a fine performance in an advertising market that is deteriorating, except in emerging markets:

- Outside emerging markets, traditional advertising is on a general downtrend, especially in Japan, the United States, Spain and France. However, growth remains strong in the United Kingdom.
- Emerging markets (China and Russia) continue to enjoy robust growth.
- There was a sharp rise in digital revenues, driven by a combination of solid organic growth and the impact of Nextedia, Jumpstart and Doctissimo (not consolidated in the first quarter of 2007). Digital revenues contributed 6.1% of total Lagardère Active revenues (vs. 3.1% in FY 2007).
- Circulation still presents a very mixed picture. Revenues were down in Spain (especially in TV listings) and in Japan. In the United States, revenues were flat after stripping out the effect of closures (*Premiere*). But the core business continues to perform very well (*Elle* in all countries, *Public*, *Psychologies*, *Paris Match*, etc), with significant growth in the United Kingdom and France.

## **Broadcast**

First-quarter revenues for the Broadcast business fell by 2.2% on a reported basis and by 1.4% on a like-for-like basis.

### Radio

In France, sales were down 4.9%, hit by the final phase of the switching of some retail chain advertising to TV and by a sluggish economy. One positive was the successful launch of *Musiline*, a new digital service.

Internationally, growth was again impressive at 21.7%, driven this quarter mainly by Poland, Russia and Romania.

### Television

Theme channels delivered solid sales growth of 4.3%, again driven by DTT channels.

TV Production was sharply down (by 27.5%), reflecting delayed deliveries at GMT and a freeze on some orders from France Télévision.

## **Lagardère Services**

Divisional revenues rose by a robust 5.2% during the quarter on a like-for-like basis, but were 5.4% lower on a reported basis at €817m.

The difference between reported and like-for-like revenues was mainly due to the divestment of Virgin Stores (negative impact: €88m).

Virtually all businesses contributed to this fine quarterly result:

- Aelia and Relay continue to benefit from the uptrend in air traffic, the opening of new outlets, and an improved product mix.
- International retail activities again achieved very strong growth, also thanks to a combination of favorable market conditions and the opening of new outlets. This applied particularly in Eastern Europe (Romania, Poland, Czech Republic), but also in Germany. Growth in the Asia-Pacific region also remains very strong.
- The wholesale business managed to hold revenues steady thanks to diversification of the range of products distributed and, in Spain, good market conditions in partworks and newsprint sales.

## **Lagardère Sports**

Lagardère Sports saw revenues fall by 20.1% on a like-for-like basis and by 16% on a reported basis, to €95m.

Three factors need to be taken into account when analyzing the first-quarter sales figures:

- The cyclical effect of sporting events that take place only every two or four years. The first quarter of 2007 was boosted by the large number of qualifiers for the Euro 2008 football tournament (a four-yearly event) and by revenues from the World Handball Cup (a two-yearly event).
- A review of the contract portfolio, which resulted in the non-renewal of low-margin contracts.
- Very good growth in revenues from annual events.

## **II – Key factors affecting the financial position and results of Lagardère SCA**

### □ **Earnings before interest and taxes (EBIT)**

Components of EBIT:

- For 2008 as a whole, recurring EBIT before associates is set to rise (excluding the effects of exchange rates) due to the combined effect of revenue growth as described above (both in absolute terms and in terms of product mix) and of measures taken by all our businesses to reduce operating costs.
- The contribution from EADS will be included in “Income from associates” based on an interest of 12.51% through June 2008. This interest will reduce by approximately 2.5% in the second half of 2008 following the delivery of EADS shares in June 2008 on maturity of the second tranche of the bonds mandatorily exchangeable for EADS shares.

### □ **Significant events of the first quarter of 2008**

#### **Acquisition of Doctissimo**

On February 22, 2008, Lagardère SCA announced an agreement under which its Lagardère Active Digital subsidiary was to acquire 53.98% of the capital and 57.92% of the voting rights of Doctissimo, France’s leading publisher of web content for women, from its founders. The deal was based on a price of €30.50 per share, valuing 100% of Doctissimo at €138m. On April 8, 2008, Lagardère Active Digital filed with the French stock market regulator – the *Autorité des Marchés Financiers* (AMF) – a standing market offer for the Doctissimo shares not acquired under the agreement. The offer was priced at €30.50, the same as the price paid for the controlling interest. Once Lagardère Active Digital has acquired at least 95% of the voting rights of Doctissimo, it will initiate a compulsory squeeze-out procedure under which the remaining minority shareholders will receive compensation in accordance with Article 237-14 et seq of the AMF General Regulations.

#### **Divestment of the Virgin Stores group**

On February 28, 2008, further to the heads of agreement signed on December 21, 2007, the Lagardère group and Butler Capital Partners signed a final agreement for the acquisition by Butler Capital Partners of a majority interest in Virgin Stores.

## III – Outlook

The market growth prospects for Lagardère Publishing are good.

For Lagardère Active, visibility remains very poor in Radio. However, the decline in radio advertising revenues in France is set to continue given the tough advertising market. Growth in Eastern Europe should remain robust.

In TV Production, the delivery delays seen in the first quarter of 2008 should gradually be recovered.

In the Press business, the advertising environment is likely to remain difficult, and may even deteriorate, outside emerging markets. The effect will be only partially offset by growth in emerging markets and the internet. The Lagardère Active recovery plan is progressing well, and will also help cushion the downturn in advertising.

For Lagardère Services, the positive trend of the first quarter of 2008 seems to be continuing. However, growth in the second half of the year will be measured against a tougher comparative after the excellent performance achieved in the second half of 2007.

Lagardère Sports is set for a very good year.

This outlook confirms our guidance of full-year growth in recurring EBIT for Media activities in the “3% to 7%” range, as previously announced, on the basis of a euro/dollar exchange rate of 1.50. A 10% fall in the euro/dollar exchange rate would reduce recurring EBIT by approximately €10m.

*The Lagardère Group is an international market leader in the media sector (books, press, audiovisual, distribution of cultural and entertainment products, and sports rights). The Group also has a 12.51% stake in EADS.  
Lagardère shares are listed in Paris on Eurolist by Euronext – Compartment A.*

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