



Lagardère SCA is reiterating its guidance for 2008 full-year growth in Media recurring EBIT before associates

Lagardère SCA consolidated revenues for year ended December 31, 2008: up 3.1% on a like-for-like basis⁽¹⁾, down 4.3% on a reported basis

-- Paris, February 12, 2009 --

Lagardère SCA consolidated revenues for the year ended December 31, 2008 totaled €8,214m, representing a fall of 4.3% on a reported basis but an increase of 3.1% on a like-for-like basis. As we predicted when announcing our third-quarter figures, revenue growth over the final quarter of 2008 was sharply lower than that reported for the first nine months of the year (4.1% like-for-like growth), due to deteriorating economic conditions and a tough comparative.

The differential between the decline in reported revenues and the like-for-like increase was due to changes in Group structure (negative effect of €467m, mainly on the divestments of Virgin Stores and the Regional Daily Press business) and to exchange rates (negative effect of €143m, with the euro appreciating by an average of 7.3% against the U.S. dollar and 16.2% against sterling). Over the final quarter of 2008 alone, changes in Group structure and exchange rates had negative effects of €190m and €14m, respectively.

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

- **Lagardère Publishing** – Acceleration in the pace of sales growth despite an especially tough comparative. Exceptional performance in Fiction in the United States thanks largely to the success of Stephenie Meyer's works, boosted by the November release of the movie *Twilight*. Solid performance from Illustrated Books (Children, Travel, Lifestyle) in France, only partially offsetting a contraction of sales in Literature and Education. Slowdown in sales in the United Kingdom after very strong growth in the final quarter of 2007.
- **Lagardère Active** – Further decline in advertising revenues, especially in the International Magazines business in Spain, Italy and the United States but also in International Radio activities, primarily in Russia. In France, advertising revenues were virtually unchanged for both Magazines and Radio, and were sharply higher in Digital Terrestrial Television (DTT). Digital accounted for 6.1% of 2008 fourth-quarter revenues, in line with our targets.
- **Lagardère Services** – Slowdown in growth, on an unflattering comparative and deteriorating economic conditions. Easing of the pace of growth at Aélia, which nonetheless managed to post substantial growth despite a decline in air travel. Contraction in sales in Spain and Belgium, but continued strong growth in Eastern Europe (except Hungary) and more modest growth in North America.
- **Lagardère Sports** – Weaker revenues towards the end of the year, with the timing of sporting events less favorable than in the final quarter of 2007. The dip in revenues in the latter part of the year will not prevent Lagardère Sports hitting its target for 2008 full-year recurring EBIT before associates.

⁽¹⁾ Excluding changes in Group structure and the effect of exchange rates

Despite particularly tough economic conditions at the end of the year, and based on revenue figures for the full year, Lagardère SCA is reiterating its guidance issued in March 2008 for full-year growth in Media recurring EBIT before associates in a range from "3% to 7%", based on a euro/dollar exchange rate of 1.50.

	Revenues (€m)						
	Q1 2008	Q2 2008	Q3 2008	FY 2008	FY 2007	Change FY 2008/ FY 2007 (reported)	Change FY 2008/ FY 2007 (like-for-like)
LAGARDERE	1,814	3,804	6,042	8,214	8,582	(4.3%)	3.1%
- Lagardère Publishing	413	908	1,564	2,159	2,130	1.4%	4.7%
- Lagardère Active	489	1,018	1,516	2,111	2,291	(7.9%)	0.4%
o Press	385	779	1,176	1,591	1,782	(10.8%)	(0.3%)
o Broadcast	104	239	340	520	509	2.3%	2.4%
- Lagardère Services	817	1,681	2,613	3,500	3,721	(5.9%)	4.8%
- Lagardère Sports	95	197	349	444	440	1.0%	(5.2%)

I – Revenues

Lagardère Publishing

2008 full-year revenues were €2,159m, up 1.4% on a reported basis and up 4.7% on a like-for-like basis (versus a 4.3% increase in the nine months to end September 2008). The acceleration in the pace of growth relative to end September is all the more satisfying given that the fourth quarter of 2007 saw like-for-like growth of more than 9% relative to the comparable period of 2006. Because Lagardère Publishing generates more than 40% of its revenues in the U.S. dollar and sterling zones, full-year revenues were dented by a negative foreign exchange effect of €109m, equivalent to 5.0% of revenues.

Trends by region during the fourth quarter of 2008 were as follows:

- In the United States, the pace of revenue growth accelerated sharply towards the end of the year, driven largely by sales of the Stephenie Meyer saga (launch of *Breaking Dawn* and republication of *New Moon*, *Twilight* and *Eclipse*), which sold over 28 million copies in 2008, 8 million of them in December alone. Stephenie Meyer is a publishing phenomenon, which is in the process of going global. Lagardère Publishing also publishes Stephenie Meyer in the United Kingdom and France. In addition, the success of William P. Young's *The Shack* had a favorable impact.
- In Spain, sales are traditionally slack in the fourth quarter. Over 2008 as a whole, growth was robust, driven by school curriculum reforms.
- In the United Kingdom, sales were down in the fourth quarter, against an exceptionally fine end to 2007 when Lagardère published seven of the top 10 bestselling Autobiography/Essay titles and five of the top 10 Fiction bestsellers. The success of Stephenie Meyer only partially compensated for the departure of James Patterson to another publisher and the non-recurrence of the 2007 bestsellers.

- In France, an acceleration in the growth rate for Illustrated Books (Children, Tourism, Lifestyle, Art Books) towards the end of the year failed to offset the decline in Education revenues triggered by postponement of secondary education reforms and a weaker performance in Literature after the successes of 2007 (Simone Veil, and a host of bestsellers tied in to political news events).
- Partworks, which are more sensitive to economic conditions than books, saw a marked slowdown, primarily in France, Italy and Japan. The business is still growing in the United Kingdom, but at a slower rate than in the first nine months of 2008.

Lagardère Active

Like-for-like revenue growth was 0.4% (versus 1.5% growth for the nine months to end September 2008), meaning that there was a more marked contraction in the fourth quarter than in the third, despite a softer comparative. On a reported basis, full-year revenues were down 7.9% at €2,111m, mainly due to the divestment of the Regional Daily Press business and, more marginally, to negative exchange rate effects (€33m over the full year). Overall, the fourth quarter of 2008 saw an acceleration in the contraction in advertising revenues, especially in international activities; the French market showed greater resilience, especially in radio.

Press

Like-for-like sales for the Magazines business (75% of Lagardère Active revenues) fell slightly, by 0.3%, compared with growth of 1.2% over the nine months to end September. On a reported basis, sales were 10.8% lower at €1,591m. The main change in Group structure was the divestment of the Regional Daily Press business at the end of 2007.

Key trends in the fourth quarter of 2008 were as follows:

- The Magazines business in France performed well, with only a marginal drop in revenues in the final quarter thanks to good advertising performances from titles like *Elle* and *Public*.
- Conversely, the contraction in the International Magazines business gathered pace, primarily in Spain and Italy where the decline reached more than 10%. The United States saw a very similar trend, though the decline in revenues stayed just below double figures.
- Sales in Russia and China remained very buoyant.

Over the year as a whole, *Elle* reported growth in virtually all of the countries where it is sold (including the United States), demonstrating the importance of a strong brand in harsh economic conditions.

As in the first nine months of the year, the Distribution business pursued its overall trend of a long slow decline in revenues, except in emerging markets.

Broadcast

Full-year revenues for the Broadcast business reached €520m, an increase of 2.3% on a reported basis and of 2.4% on a like-for-like basis (versus 2.6% to end September).

- **Radio**

In France, the recovery that began in the third quarter accelerated in the fourth, driven by very strong growth for Virgin Radio in the fourth quarter. The impact of improved audience figures at Europe 1 fed through into revenues at the very end of the quarter. Unlike France, International Radio saw a contraction at the end of the year, with growth in the Czech Republic and Romania insufficient to make up for the decline in Russia.

- **Television**

Our TV channels are still achieving significant growth, driven largely by substantially higher DTT advertising revenues. After a drop in revenues in the third quarter, TV production rallied strongly in the fourth quarter, helped by more favorable timing of deliveries. However, TV Production saw a decline in revenues over the year as a whole.

Digital accounted for 6.1% of Lagardère Active revenues (versus 3.1% in 2007), keeping us on track for our target of 5%-10% of revenues in 2009.

Lagardère Services

Lagardère Services achieved a slight increase in revenues in the fourth quarter of 2008, with full-year revenues up 4.8% on a like-for-like basis at €3,500m. The slowdown in growth relative to the first nine months of the year (5.9% on a like-for-like basis) was largely due to a tough comparative, with revenues having risen by 5.7% in the final quarter of 2007 (versus 3.5% over the full year). 2008 full-year revenues were down 5.9% on a reported basis, mainly due to the divestment of Virgin Stores; over the full year, the effect of exchange rates was marginal.

Retail accounted for 66.3% of Lagardère Services revenues in 2008, versus 64.9% in 2007 (excluding Virgin). Retail revenues rose by 6.9% on a like-for-like basis, driven by fine performances at Aélia and in Eastern Europe (apart from Hungary). Press distribution revenues were up just 0.9% year on year, despite good performances in Switzerland and by Curtis in the United States. After a very good third quarter for the wholesale business, sales fell in the last three months of the year.

Key trends during the fourth quarter of 2008 were as follows:

- Slowdown in the pace of growth at Aélia due to weak trading in November, which was affected by the Air France pilots' strike. Despite a contraction in air traffic and continuing disruption to Eurostar services following the Channel Tunnel fire on September 11, 2008, sales growth remained positive in the final quarter of 2008. The impact of the decline in passenger numbers was partly offset by a higher average spend per traveler.
- Slightly better growth for Relay France than for the first nine months of 2008, with a favorable comparative due to the French transport strikes of November 2007.
- Weaker growth than for the first nine months of 2008 internationally, especially in Spain and Belgium. In Spain, sales contracted sharply at the end of the year, hit by a decline in air travel. In Belgium, the contraction mainly affected the press distribution business.
- Continued strong growth in Eastern Europe, with double-digit revenue growth in Romania, Poland and the Czech Republic. Slowdown in sales at the end of the year in North America and the Asia-Pacific region, due to trends in air travel.

Lagardère Sports

2008 full-year revenues at Lagardère Sports were up 1.0% on a reported basis at €444m, but fell by 5.2% on a like-for-like basis. Revenues were sharply down in the fourth quarter of 2008, after a rise of over 30% in the third quarter of 2008. This contraction reflects disadvantageous timing of the football World Cup qualifiers in 2008 compared with that of the Euro 2008 qualifiers in late 2007, plus the non-recurrence of the favorable effect of the women's World Handball Championship in the final quarter of 2007.

Changes in Group structure (in particular the acquisitions of IEC and Upsolut) contributed €29m to 2008 full-year revenues. WSG was accounted for by the equity method, given the participating rights granted to minority shareholders under the investor agreement that applied in 2008. Using this method rather than full consolidation has relatively little impact on either revenues or recurring EBIT before associates for the year ended December 31, 2008.

Given the structure of the division's contracts (rights acquisition or agent's commission) and the timing of sporting events, the revenue streams of Lagardère Sports are highly volatile from one quarter to the next. This volatility may have a noticeable impact on the growth rate of Lagardère's consolidated revenues.

II – Outlook

Based on our 2008 full-year revenue figures, we are reiterating our guidance of growth in Media recurring EBIT before associates in a range from "3% to 7%", based on a euro/dollar exchange rate of 1.50.

Given the particularly harsh economic climate and the sharp slowdown in like-for-like revenue growth in the final months of 2008, we would like to reiterate, as we have already indicated on a number of occasions, that growth in 2008 full-year recurring EBIT before associates is likely to be towards the lower end of this range.

*Lagardère is a pure media group (books, press, broadcast, digital, travel retail and press distribution, sports trading and sports rights), and is among the world leaders in the sector.
It also owns a 7.5% stake in EADS, after the disposal (due to take place in March 2009) of a 2.5% stake via the redemption of the last tranche of the Mandatory Exchangeable Bonds.*

Lagardère shares are listed on Euronext Paris.

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