

Quarterly Information – First Quarter of 2010

Confirmation of first signs of recovery in an environment that remains tough

Lagardère SCA Q1 2010 consolidated revenues: €1,751m,
down by 1.5% on a reported basis and by 3.1% on a like-for-like basis⁽¹⁾

-- Paris, May 11, 2010 --

Arnaud Lagardère: “Thanks to the diversity of our business mix and the strength of our brands, we have been able to take advantage of the first signs of recovery, as our 2010 first-quarter revenue figures show. Despite an unstable economic climate, current trends are encouraging. If they are confirmed over the coming months, we do not rule out revising our 2010 full-year guidance upwards.”

Revenue trends for the three months to end March 2010⁽²⁾ showed a marked improvement relative to those for the fourth quarter of 2009. First-quarter consolidated revenues were €1,751m, down just 1.5% (or 3.1% on a like-for-like basis) versus the comparable period of 2009, against a 4.6% fall in the fourth quarter of 2009.

The difference between reported-basis and like-for-like revenue trends was due to favorable foreign exchange effects of €18m (mainly on the appreciation of certain Eastern European currencies) and to a positive impact of €10m from changes in the scope of consolidation.

Key trends for the first quarter of 2010 on a like-for-like basis were as follows:

- **Lagardère Publishing** – In 2010, first-quarter revenues fell by just 5.9% relative to the first quarter of 2009 despite the expected erosion in Stephenie Meyer sales. However, revenues were 7.4% higher than in the comparable period of 2008, illustrating Lagardère Publishing’s ability to grow through significant market share gains, especially in the English-speaking world.
- **Lagardère Active** – Upturn. The Magazines business reported slight like-for-like growth in advertising revenues thanks to a strong March, after a 20% fall in the fourth quarter of 2009. Circulation revenues stabilized, while the Broadcast business returned to growth, driven by TV production.
- **Lagardère Services** – After falling for four consecutive quarters, revenues returned to growth with a rise of 1.9%, driven by retail (up more than 3.5%).
- **Lagardère Sports** – In the absence of the revenue uplift from the World Handball Cup and from the 2010 Football World Cup qualifiers held in the first quarter of 2009, revenues fell as expected in the first three months of 2010.

⁽¹⁾ Excluding changes in scope of consolidation and the effect of exchange rates

⁽²⁾ Trends shown for the first quarter of 2010 and the fourth quarter of 2009 are relative to the comparable period of the previous year. This comment applies throughout this press release.

	Revenues (€m)		Change 2010/2009 (reported)	Change 2010/2009 (like-for-like) ⁽¹⁾
	Q1 2010	Q1 2009		
LAGARDERE	1,751	1,778	(1.5%)	(3.1%)
• Lagardère Publishing	433	463	(6.5%)	(5.9%)
• Lagardère Active	407	399	1.9%	0.5%
• Lagardère Services	824	782	5.4%	1.9%
• Lagardère Sports	87	134	(35.2%)	(34.6%)

⁽¹⁾Excluding changes in scope of consolidation and the effect of exchange rates

Lagardère Publishing

The expected erosion in sales of the Stephenie Meyer saga (*Breaking Dawn*, *New Moon*, *Twilight* and *Eclipse*), which in the first three months of 2010 were only one-quarter of the 2009 first-quarter level, had a marked impact on revenue trends not only in the United States, but also in France and the United Kingdom. In France, the effect was partially cushioned by a slight rise in revenues for Education, and stable sales of Partworks.

First-quarter sales were down 6.5% on a reported basis at €433m. On a like-for-like basis, after the exceptionally high 14.1% growth achieved in the first quarter of 2009, Lagardère Publishing managed to limit the drop in first-quarter revenues to just 5.9% in 2010.

However, 2010 first-quarter revenues were up 7.4% on the comparable period of 2008, a remarkable performance once the impact of the decline in Stephenie Meyer sales is stripped out.

Sales of digital books were buoyant, accounting for some 8% of first-quarter revenues in the United States. And although the impact falls after the first quarter, 4 of the first 8 bestsellers available on the iPad (by David Baldacci, Scott Turow, James Patterson and Malcolm Gladwell) are published by Lagardère Publishing.

Lagardère Active

There was an upturn in revenue trends in the first quarter of 2010, with confirmation of the first signs of recovery in the advertising market and a slight improvement in magazine circulation revenues. Lagardère Active revenues were up 1.9% at €407m (up 0.5% on a like-for-like basis), after a 16.2% fall in the fourth quarter of 2009.

Lagardère Active advertising revenues were virtually flat in the first three months of 2010, after declines of 20% in the fourth quarter of 2009 and 24% over 2009 as a whole.

Advertising revenues for Magazines rose slightly on a same-titles basis. Advertising revenue trends in France were better than at the end of 2009, with first-quarter growth close to 2%. Despite a further slight fall in advertising revenue, Magazine Publishing International showed a very marked improvement versus the fourth quarter of 2009, when revenues fell by some 25%. On a same-titles basis, advertising revenues actually rose slightly, driven mainly by China and Russia but also by Spain and the United Kingdom.

Circulation revenues rose slightly, after falling by around 5% on a same-titles basis in the fourth quarter of 2009.

In Radio, revenues in France fell less sharply than in the fourth quarter of 2009 thanks to Europe 1, while trends in International Radio activities are now very similar to those in France. Lagardère Entertainment revenues rose very sharply following the delivery of a large number of programs during the first three months of the year.

Lagardère Services

Lagardère Services posted a 5.4% rise in revenues (or 1.9% on a like-for-like basis) in the first quarter of 2010, to €824m. Revenues were helped by positive foreign exchange effects of €24m, mainly on the appreciation of the Australian dollar, the Polish zloty and the Hungarian forint.

Retail (which accounts for two-thirds of Lagardère Services revenues) posted like-for-like revenue growth of more than 3.5%, versus a 1.0% rise in the fourth quarter of 2009. Press Distribution reported a slight fall in revenues, compared with a 5.8% fall in the fourth quarter of 2009.

- Aelia saw revenues rise by approximately 5.0% in the first quarter of 2010. The pick-up in air traffic had a positive impact on airport retail activities, both in France and internationally. Sales at Relay France were also on a strong uptrend, rising by nearly 6.0% over the quarter.
- There was a return to growth in virtually all European countries, as well as in the Asia-Pacific region.

Press Distribution revenues were slightly down, with very similar trends in Europe and the United States.

Lagardère Sports

After a buoyant first quarter of 2009, Lagardère Sports saw revenues slide by 35.2% in the first three months of 2010 (or by 34.6% on a like-for-like basis) to €87m.

The timing of sporting events was a major factor, especially the non-recurrence of the revenue boost from the World Handball Cup and the 2010 Football World Cup qualifiers held in the first quarter of 2009.

Given the structure of the contracts involved (rights acquisition or agent's commission) and the timing of sporting events, revenues at Lagardère Sports are very volatile from quarter to quarter, and the second half of the year should be more favorable.

II – Significant events affecting the financial position and results of Lagardère SCA

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

- First-quarter trends in recurring EBIT before associates are usually not particularly meaningful given the low level of billings during the period, especially at Lagardère Publishing. Recurring EBIT before associates for the first quarter of 2010 is expected to be similar to the figure for the comparable period of 2009, with the decline at Lagardère Publishing offset by the recovery at Lagardère Active and Lagardère Services.
- There were no non-recurring items in the first quarter of 2010, whereas the first quarter of 2009 included the gain arising on the sale of a 2.5% interest in EADS.

□ **Net interest expense**

The year-on-year trend in net interest expense reflects the reduction in interest charges following redemption of the final tranche of the Mandatory Exchangeable Bond on March 24, 2009. On the other hand, the fixed-rate bond issue of October 2009 has increased the average cost of the Group's debt.

□ **Net debt**

Net debt as of March 31, 2010 is virtually unchanged from the figure as of December 31, 2009.

□ **Significant events during the first quarter of 2010**

• **Lagardère Active and Bolloré Media start exclusive talks on the sale of Virgin 17**

On March 18, 2010, Bolloré Media and Lagardère Active began exclusive talks on the sale of the Virgin 17 free-to-air digital terrestrial TV channel.

The proposed sale will be completed once clearance has been obtained from the relevant authorities.

• **Lagardère Active launches *Be*, a new global media brand**

On March 17, 2010, Lagardère Active launched *Be*, the first 360° global media brand. This is an upscale brand targeted at thirty-something women.

The launch is the culmination of a 2-year brand management exercise, focusing on those marketing segments where Lagardère Active is in a market-leading position and rolling out brands across the full range of platforms and media in those segments.

• **Hachette Livre announces the latest book in Stephenie Meyer's *Twilight* saga, *The Short Second Life of Bree Tanner* (working title)**

A spin-off from *Eclipse*, this book – based on a novella that Stephenie Meyer was preparing for *The Twilight Saga: The Official Guide* – will be in bookstores from June 5, 2010.

The Short Second Life of Bree Tanner is told from the perspective of Bree, one of the characters from *Eclipse*. The book will go on sale in France on Saturday June 5, 2010, with an initial print-run of 500,000.

III – Outlook

The trends of the past few weeks give us added confidence that we will deliver on the guidance we issued in March 2010 for 2010 full-year Media recurring EBIT before associates, i.e. a decrease of around 10%.

- **Lagardère Publishing:** After the success of the first four volumes of the *Twilight* saga, Stephenie Meyer's announcement of the publication of a fifth volume, *The Short Second Life of Bree Tanner*, is good news. The current pace of growth in digital books – in particular with the arrival of the iPad – could also have a very slightly positive effect on 2010 full-year recurring EBIT before associates.
- **Lagardère Active:** Actual trends in the advertising market since the end of March have given us greater confidence, and a slight rise in advertising revenues over 2010 as a whole cannot be ruled out.
- **Lagardère Services:** The recovery in air traffic is a positive factor. The ash cloud from the Eyjafjallajökull volcano in Iceland – which paralyzed European air traffic for several days – is bound to have a negative effect, but the full-year targets for Lagardère Services are intact.
- **Lagardère Sports:** first-quarter trends do not threaten the full-year targets.

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. Lagardère also jointly controls EADS, in which it holds a 7.5% stake. Lagardère shares are listed on Euronext Paris.

Important Notice:

Certain statements contained in this document do not relate to known historical facts but rather represent projections, estimates and other forward-looking data based upon the opinion of management. These statements reflect opinions and assumptions prevailing as of the date on which they were made. They are subject to known and unknown risks and uncertainties which may cause future results, performances or events to differ significantly from those indicated in or implied by these statements.

You should refer to the most recent French-language "Document de référence" filed by Lagardère SCA with the Autorité des Marchés Financiers to obtain further information about these factors, risks and uncertainties. An English version of this document is available by clicking the "Reference Document" link on the Investor Relations page of the Lagardère corporate website (<http://www.lagardere.com/group/home-page-site-284.html>).

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