

Quarterly Information – Third quarter of 2010

2010 guidance confirmed Lagardère SCA consolidated revenues stable to end September 2010

Paris, November 8, 2010

Our 2010 third-quarter performances are satisfactory, showing a further improvement on second-quarter advertising revenue trends and confirming our August 2010 guidance of a fall in Media recurring EBIT of about 5% at constant exchange rates.

Consolidated revenues for the first nine months of 2010 were €5,820m, unchanged from the comparable period of 2009 but down 2.5% on a like-for-like basis ⁽¹⁾, a slight improvement on the trend to end June 2010.

The difference between reported-basis and like-for-like revenue trends was due largely to a favorable foreign exchange effect of €157m (mainly on the appreciation of some Eastern European currencies and the U.S. dollar).

Key trends for the third quarter of 2010 were:

- **Lagardère Publishing** – Performance dented by a drop in sales of the Stephenie Meyer saga, and by a delay of a few weeks in delivering new secondary school textbooks in France. The slowdown relative to the second-quarter trend was due to the non-recurrence of the sale of the international rights to the *Twilight* saga.
- **Lagardère Active** – Very buoyant advertising revenues, which rose by around 10% on a like-for-like basis in the third quarter of 2010. Magazines turned in an excellent advertising performance, with all regions reporting growth, as did the International Radio business. Circulation revenues are still on a downtrend.
- **Lagardère Services** – Confirmation of the positive trend seen since the start of the year. Revenues from the Press Distribution business are still on a slight downtrend, but Retail showed stronger growth than to end June.
- **Lagardère Unlimited** – More favorable trend than to end June, reflecting the impact of the first qualifying matches for the Euro 2012 football tournament at the end of the quarter. The turnaround should be much more marked in the fourth quarter of 2010.

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

	Revenues (€m)				Change 2010/2009 (reported)	Change 2010/2009 (like-for-like)
	2010 1st quarter	2010 6 months	2010 9 months	2009 9 months		
LAGARDÈRE	1,751	3,716	5,820	5,820	0.0%	(2.5%)
- Lagardère Publishing	433	975	1,609	1,694	(5.0%)	(6.8%)
- Lagardère Active	407	855	1,289	1,226	5.1%	2.2%
- Lagardère Services	824	1,712	2,656	2,517	5.5%	1.6%
- Lagardère Unlimited	87	174	266	383	(30.7%)	(26.2%)

I – Revenues

Lagardère Publishing

As expected, the erosion in sales of Stephenie Meyer's *Twilight* saga (*Breaking Dawn*, *New Moon*, *Twilight* and *Eclipse*) had a marked impact on revenue trends not only in the United States, but also in France and the United Kingdom. In France, the postponement of deliveries of secondary school textbooks from the third quarter to the fourth quarter (due to the late announcement of new curriculums) also had a temporarily negative effect. And in Spain, the Education market was more challenging than last year.

After a like-for-like revenue fall of just 4.5% in the first half of 2010, there was a more marked fall (of 6.8%) in the nine months to end September; this was largely due to the sharp decline in the Stephenie Meyer phenomenon and the non-recurrence of the sale of the international rights to the saga, booked in the first half of 2010.

However, revenues for the first nine months of 2010 are slightly ahead of those for the comparable period of 2008, demonstrating the remarkable resilience of the Lagardère Group. Numerous literary successes – James Patterson and Nicholas Sparks in the United States, David Nicholls and Sarah Waters in the United Kingdom, and Jacques Attali and Erik Orsena in France – are testimony to the dynamism of our publishing houses.

Sales of e-books remain strong, accounting for some 9% of revenues in the United States in the first nine months of 2010.

Lagardère Active

Lagardère Active followed the 0.6% revenue growth achieved in the first half of 2010 with a 5.6% rise in revenues for the third quarter of 2010.

This represents a sharp acceleration in the trend seen since the start of the year, with very strong growth in advertising revenue in the third quarter of 2010. After remaining virtually flat in the first quarter of 2010 and rising by 3.0% to end June, advertising revenue was up nearly 6% on a same-titles basis in the first nine months of the year.

Third-quarter growth in advertising revenue was around 10%. This performance was largely driven by the turnaround in the Magazines business, both in France and internationally. In France, the marked acceleration in the pace of growth was due partly to a more flattering comparative than for the first half. Internationally, growth was particularly strong in the United States (double digit growth, versus a decline in the first half), but also in Russia and China (which also reported growth in double figures). Italy and Japan moved back into growth, so that all regions reported growth in the third quarter.

Circulation revenues slipped by around 2% on a same-titles basis to end September 2010, with International activities performing better than French operations. In France, *Elle* is recording growth in both advertising and circulation revenues.

Advertising revenues for the French Radio business recorded further growth in the first nine months of 2010. At Europe 1, advertising revenues flattened out in the third quarter of 2010 after a second quarter of exceptionally strong growth. The International Radio business also performed very well, increasing advertising revenues by nearly 10% in the third quarter of 2010; this represents a marked turnaround relative to the first half, primarily in Russia.

Revenues at Lagardère Entertainment fell in the third quarter of 2010 due to the low number of program deliveries during the period, but are still slightly up on the previous year over the nine months to end September.

Lagardère Services

Divisional revenues were up 5.5% over the first nine months of 2010. The reported figure was boosted by favorable foreign exchange effects of €83m (largely due to the appreciation of the Australian dollar, Canadian dollar, Swiss franc and Polish zloty) and by a €15m positive effect of changes in the scope of consolidation (acquisitions in the Czech Republic and Spain). On a like-for-like basis, revenues rose by 1.6%, in line with the figure reported for the first half of the year. After a less buoyant July, the uptrend seen since the start of the year was confirmed, with like-for-like growth reaching 2.5% in September alone.

Retail (which accounts for two-thirds of Lagardère Services revenues) rose by 4.0% on a like-for-like basis to end September 2010, a slight acceleration relative to the first half of the year. France performed particularly well, including both Relay France and Aelia, the latter boosted by buoyant air passenger traffic. Press Distribution saw a further drop in revenues, with no real sign of an uptrend.

Lagardère Unlimited

After a revenue decline of over 30% to end June 2010, Lagardère Unlimited reported a more limited fall in the third quarter of 2010.

The impact of the first qualifying matches for the Euro 2012 football tournament remained marginal, as these took place at the end of the quarter. The start of the sporting season saw marketing activities in France and Germany bearing up well.

Given the structure of the contracts involved (rights acquisition or agent's commission) and the timing of sporting events, revenues at Lagardère Unlimited are highly volatile from quarter to quarter, and the fourth quarter of 2010 should be much more favorable.

II – Significant events affecting the financial position and results of Lagardère SCA as of September 30, 2010

Earnings before interest and taxes (EBIT)

- Given the trend in consolidated revenues, Lagardère Media recurring EBIT before associates for the first nine months of 2010 was lower than for the comparable period of 2009. Reduced contributions from Lagardère Publishing and especially from Lagardère Unlimited only partially offset the higher contributions from Lagardère Active and Lagardère Services.
- Non-recurring and non-operating items represented a net expense, due to the non-recurrence of the gain recognized on the sale of EADS shares in 2009.

Net interest expense

Net interest expense was virtually unchanged year-on-year, despite a rise in the average cost of debt arising from the October 2009 bond issue.

Net debt

Net debt was slightly lower than at end June 2010.

Other significant events during the third quarter of 2010

No division made any significant acquisitions during the third quarter of 2010.

- **Launch of a public offering process for Canal+ France**

In accordance with the shareholders' agreement of January 4, 2007, Lagardère decided to launch a public offering process for Canal+ France.

- **Merger of *Be* and *Envy***

Lagardère Active and the Marie-Claire group set up a joint company to serve the new generational women's weeklies market.

The new joint company, owned 80% by Lagardère Active and 20% by the Marie-Claire group, publishes the merged magazine *Be* and the weekly magazine *Public*.

III – Outlook

For Lagardère Publishing, the comparative base is expected to be less tough at the end of the year, especially in the United States; bear in mind that 2009 fourth-quarter revenues were virtually flat due to the slowdown in the success of the Stephenie Meyer saga. Revenue trends should therefore improve slightly in the fourth quarter of 2010.

For Lagardère Active, we expect the uptrend seen in the third quarter of 2010 to be confirmed. Nevertheless, the pace of advertising revenue growth is likely to be less strong than to end September given a much less favorable comparative base, especially in France.

For Lagardère Services, the comparative base effect is expected to be neutral, while the recovery in air passenger traffic could trigger a slight pick-up in the pace of revenue growth towards the end of the year.

Lagardère Unlimited should see a much stronger end to the year, given the increase in the number of qualifying matches for the Euro 2012 football tournament.

Based on our third-quarter figures we are reiterating the guidance we announced in August 2010, of a full-year fall of around 5% in Media recurring EBIT before associates at constant exchange rates.

*Lagardère is a pure media group (books, press, broadcast, digital, travel retail and press distribution, sport and entertainment), and is among the world leaders in the sector.
Lagardère shares are listed on Euronext Paris (Compartment A).*

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