

Quarterly Information - First Quarter 2011

Revenues in line with forecasts despite an unsettled international climate

First-quarter 2011 Lagardère SCA consolidated revenues:
€1,805m, up 3.1% as reported and up 0.1% like-for-like ⁽¹⁾

-- Paris, May 3, 2011 --

First-quarter revenue mirrors the trend observed in the fourth quarter of 2010. Consolidated first-quarter revenue for 2011 came to €1,805m, up 3.1 % as reported (up 0.1 % like-for-like).

The difference between reported and like-for-like data primarily reflects favourable exchange rates, which added €35m over the quarter (notable appreciation of the Swiss franc, the Australian dollar and the British pound) and a consolidation scope effect of €18m.

Key trends in the first quarter of 2011 on a like-for-like basis are:

- **Lagardère Publishing** – E-book performance was strong in the United States in the wake of brisk e-book reader sales at the end of 2010. There was an expected decline in consolidated revenue, with first quarter 2010 comparatives remaining high due to the success of Stephenie Meyer's *Twilight* series.
- **Lagardère Active** – In an uncertain economic environment leading to an advertisers' wait-and-see attitude, advertising revenues continue to grow, especially internationally.
- **Lagardère Services** – Slight improvement due to a solid growth in the Retail business.
- **Lagardère Unlimited** – The business is taking advantage of a full sports event calendar, notably in Asia.

⁽¹⁾ At constant consolidation scope and exchange rates.

	Revenues (in € millions)		Change 2011/2010 reported	Change 2011/2010 like- for-like ⁽¹⁾
	Q1 2010	Q1 2011		
LAGARDÈRE	1,751	1,805	3.1%	0.1%
• Lagardère Publishing	433	390	(9.8%)	(10.4%)
• Lagardère Active	407	416	2.1%	1.6%
• Lagardère Services	824	863	4.7%	0.9%
• Lagardère Unlimited	87	136	57.3%	36.8%

⁽¹⁾ At constant consolidation scope and exchange rates.

Lagardère Publishing

As a reminder, the first quarter typically accounts for less than 20% of annual revenue and is not an indicator of full-year performance.

As of the end of March 2011, revenues amounted to €390m and are, as expected, down 9.8% as reported and down 10.4% like-for-like, primarily due to the unfavourable prior-year comparative associated with robust sales of Stephenie Meyer's the *Twilight* saga (*Twilight*, *New Moon*, *Eclipse* and *Breaking Dawn*) in the first quarter of 2010 in English-speaking countries, and notably the sale of secondary rights by Hachette Book Group in the United States.

Business in **France** is stable, thanks to solid performances in Larousse, the Literature and Retail divisions, which offset the moderate increase in returns in all categories.

Business in **Spain** experienced a downturn due to calendar effects and was not offset by higher sales in Latin America.

E-book sales momentum was considerable (up 88% compared to Q1 2010), accounting for approximately 22% of revenue in the United States and 5% in the United Kingdom. This development is the result of very brisk sales of e-book readers at the end of the year.

Lagardère Active

For the first quarter of 2011, revenue stood at €416m (up 2.1% as reported and up 1.6% like-for-like). Lagardère Active **advertising** revenue was up by around 6.0%, buoyed by international sales.

The trend in late March reflects a growing advertising market but one with less momentum than at the end of 2010 notably because of macroeconomic uncertainty stemming from recent international events.

Revenue generated by the **Magazine** business was up slightly. The International Magazine business enjoyed double-digit gains due to sales momentum in the United States, Chinese and Russian markets. On the other hand, growth in advertising revenue in France was slower due to advertisers' wait-and-see attitude. Circulation revenues were down slightly, with no significant change on a same-title basis.

Broadcast advertising revenue experienced sustained growth. The slight negative trend seen in France was offset by strong international sales, especially in Russia.

The postponement of programme delivery from one quarter to another explains the decline in **Lagardère Entertainment** revenues (production and distribution of television programmes). The first three months of the year are not illustrative of 2011 full-year performance, which is expected to reflect higher revenues thanks to the delivery of the *Borgia* series at the end of the 2011 reporting year.

Over the first quarter of 2011, digital revenue accounted for 7.4% of Lagardère Active's sales (compared to 6.8% at the end of March 2010).

Lagardère Services

Revenues for the first quarter of 2011 totalled €863m, up 4.7% as reported and up 0.9% like-for-like. Reported revenues were lifted by a €21m positive currency effect (i.e. 2.6 points of growth) stemming primarily from the appreciation of the Swiss franc, the Australian dollar and the Canadian dollar. A positive consolidation effect contributed €10m (1.2 point of growth) due to the integration in the scope of consolidation of Retail businesses in Bulgaria and Singapore starting on January 1, 2011 and the acquisition of duty free activities in the Czech Republic and Spain during the first quarter of 2010.

Retail businesses (accounting for 71.7% of the revenue of Lagardère Services) grew by more than 3.2% on a like-for-like basis. In France, performance was particularly strong (up 7.3%) due to airport sales (rising passenger traffic and steady growth of sales per passenger).

International performance was more muted due to:

- disruptions associated with events in Japan and various Arab nations;
- harsh weather conditions in the United States and Australia;
- and to a lesser extent, the postponement of the spring vacation season in some European countries from March in 2010 to April in 2011.

The Press **Distribution** business (down 4.3% in the first quarter of 2011) continued the trend noticed in the second half of 2010.

Lagardère Unlimited

Compared to 2010, which was characterised by few sporting events in the portfolio, the first quarter of 2011 is off to a good start. Reported revenues surged to €136m (up 57.3% as reported and up 36.8% like-for-like). The difference in data is due to a consolidation scope effect: integration of Lagardère Paris Racing and Best (a US agency that represents athletes and celebrities).

Due to the absence of the Africa Cup of Nations (ACN) this year, Sportfive's revenues in first quarter declined. On the other hand, the World Sport Group business was being notably driven by the AFC Asian Cup, which was not held in 2010.

Given the structure of contracts and the calendar of sporting events, it is underscored that Lagardère Unlimited's revenues are likely to be very volatile from one quarter to the next and that the first quarter's performance is not an indicator of revenues for the full year.

Gross profit (revenues less depreciation of acquired sports rights) stood at €97m (up 36% on a reported basis).

II - Lagardère SCA's financial position and profitability

Key events in 2011

➤ **Profitability**

Typically, recurring EBIT before contribution from associates at the end of March is insignificant, as the influence of the first quarter is less than subsequent quarters. The profitability of media activities is rising and in line with revenues. The decline in recurring EBIT before contribution from associates at Lagardère Publishing, which was mitigated by improved e-book profitability, is being offset by the pick-up experienced by Lagardère Active and Lagardère Unlimited. Profitability at Lagardère Services is stable.

➤ **Financial Position**

The start of the reporting year is traditionally characterised by unfavourable seasonality in Working Capital Requirements, notably at Lagardère Publishing (seasonality of the Education and General Literature segments). The Group's financial position remains solid.

➤ **Key events since the beginning of 2011**

✓ **Lagardère postponed the IPO calendar of Canal+ France due to the disaster in Japan**

On March 16, 2011, due to the scale of the disaster in Japan, and thereof to the extreme volatility of the markets, the Lagardère group has decided to postpone the calendar of the Initial Public Offering (IPO) of its stake in Canal+ France.

✓ **Lagardère and Hearst Corporation has signed the share purchase agreement for the sale of Lagardère's international magazine business**

On March 28, 2011, Lagardère has signed the share purchase agreement for the sale of its international magazine business to Hearst Corporation. The closing of the transaction remains subject to approval by local partners in certain countries as well as to certain customary governmental approvals and antitrust clearances in certain jurisdictions.

✓ **New €1.6 billion multicurrency syndicated credit facility with a maturity of 5 years**

On January 26, 2011, Lagardère SCA has signed a €1.6 billion multicurrency syndicated credit facility for general corporate purposes. This facility replaces the existing €2.2 billion facility dated 2005. The new facility has a 5 year maturity. The initial spread is 0.90% on EURIBOR (or equivalent for other currencies).

✓ **Lagardère Services developing in Retail in France and Asia-Pacific**

Lagardère Services strengthened its presence at the Paris-Charles-de-Gaulle and Paris-Orly airports by extending its partnership with Aéroports de Paris (alcohol, tobacco, perfumes, cosmetics, gastronomy) until 2019, as well as broadening it to include new activities (press, books, souvenirs, etc.). Moreover, Lagardère Services announced its plan to purchase a stake in a joint venture operating fashion and accessory outlets in these same airports.

Lastly, in early April, Lagardère Services announced the acquisition of Redgroup's Travel Retail activities in New-Zealand (press, books and convenience). This transaction will enable the Services branch to enter a new market with a significant position, and reinforce its position in the Asia-Pacific region after the resumption of duty free activities in Noumea (New Caledonia) at the beginning of the year.

III - Outlook

Recently observed trends prompt us to be prudent but with no change to the target set in March for growth of recurring EBIT before associates from media activities along the lines of around 10% at constant exchange rates.

- **Lagardère Publishing:** e-book sales will continue to grow in the United States, albeit at a less upbeat rate than in the first quarter, to reach 15% to 20% of revenues. E-books could account for 5% to 10% of revenues in the United Kingdom in 2011.
- **Lagardère Active:** the trends observed on the advertising market suggest a wait-and-see attitude which, however, does not change our growth forecasts for 2011.
- **Lagardère Services:** the growth in air traffic remains a positive factor despite an unsettled international climate as the year starts out.
- **Lagardère Unlimited:** as expected, 2011's full sports calendar will positively influence our sales and earnings. Nonetheless, the commercial environment remains stretched.

Investor Calendar

- Lagardère SCA's Annual Shareholders' Meeting will be held at 10:00 a.m. (CET) on May 10, 2011 and will be broadcast live on the Group's website.
- Consolidated half-year results will be released on August 31, after the market closes. A conference call is planned.

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

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