



Objective for 2011 recurring media EBIT⁽¹⁾ maintained thanks to the firm resilience of fourth-quarter activity trends, despite a difficult economic environment

**Fourth-quarter 2011 net sales:
€1,951m, -0.2% like-for-like⁽²⁾ and -9.1% on a reported basis**

**Full-year 2011 net sales:
€7,657m, +0.2% like-for-like and -3.9% on a reported basis**

Paris, February 7, 2012

The Lagardère group demonstrated its resilience in 2011 despite a difficult economic environment. The Group's new areas of development (e-books, entertainment, travel retail, sports rights management) maintained their growth trend.

Lagardère SCA net sales for full-year 2011 were €7,657m, a 3.9% fall on a reported basis but stable on a like-for-like basis (+0.2%).

The difference between reported and like-for-like figures largely reflects a €344m negative effect from changes in scope of consolidation (mainly the sale of the international magazine business, PMI). These scope changes were slightly offset by a positive currency effect (€16m).

Fourth quarter 2011:

Fourth-quarter revenues were **€1,951m**, down 9.1% as reported but **stable on a like-for-like basis (-0.2%)**. The difference in the full-year figures is mainly due to a negative effect from changes in scope of consolidation (€188m), principally the divestment of most PMI activities in 2011. The currency effect in the fourth quarter was negligible.

- **Lagardère Publishing:** net sales of €537m (-3.4% as reported, -3.8% like-for-like). Powerful performance in the US (+12.8%), driven by the launch of new titles, despite the impact of e-books (which generate lower net sales per unit but higher margins). In France, revenues suffered from a challenging comparison base in Education, compared to the end of 2010 which was atypic. There were, however, solid performances by Distribution (+2.4%) and Larousse (+2.6%). Falling revenue in the UK (-4.5%), where a solid performance by Adult trade⁽³⁾ did not offset tougher conditions in the international market.
- **Lagardère Active:** net sales of €367m, stable on a like-for-like basis (+0.2%). After a robust third quarter (+3.9% like-for-like), the fourth quarter brought a slowdown, due to a challenging comparison base (strong fourth quarter 2010) and a softer advertising market. Excellent performance in TV Production (+16.3%) on the back of strong deliveries for the quarter (notably the *Borgia* series).
- **Lagardère Services:** net sales of €909m (-1.5% on a reported basis, +0.5% like-for-like). The difference between the reported and like-for-like figures mainly reflects the switch to reporting Relay's business in Aéroports de Paris (ADP) by the equity method as from the fourth quarter 2011, following the new partnership with ADP. Growth was slower than in the third quarter 2011 (+3.1% like-for-like), mainly due to the high comparison base set by a particularly solid performance in the fourth quarter 2010. Retail activities continued to grow (+2.1%).
- **Lagardère Unlimited:** net sales growth (€138m, +6.2% reported and +9.9% like-for-like), continuing the trend in a year helped by a sports calendar favourable in terms of activity.

⁽¹⁾ See definition at the end of this document

⁽²⁾ At constant scope of consolidation and exchange rates.

⁽³⁾ Books meant for the general public – adult.

I. GROUP NET SALES AND ACTIVITY

| | Net sales (€m) | | 2011/2010 change (reported) | 2011/2010 change (like-for-like) |
|----------------------|----------------|--------------|-----------------------------------|--|
| | 2010 | 2011 | | |
| LAGARDÈRE | 7,966 | 7,657 | (3.9%) | 0.2% |
| Lagardère Publishing | 2,165 | 2,038 | (5.9%) | (4.4%) |
| Lagardère Active | 1,826 | 1,441 | (21.0%) | 1.3% |
| Lagardère Services | 3,579 | 3,724 | 4.0% | 2.0% |
| Lagardère Unlimited | 396 | 454 | 14.5% | 6.2% |

| | Net sales (€m) | | 2011/2010 change (reported) | 2011/2010 change (like-for-like) |
|----------------------|----------------|--------------|-----------------------------------|--|
| | Q4 2010 | Q4 2011 | | |
| LAGARDÈRE | 2,146 | 1,951 | (9.1%) | (0.2%) |
| Lagardère Publishing | 556 | 537 | (3.4%) | (3.8%) |
| Lagardère Active | 537 | 367 | (31.7%) | 0.2% |
| Lagardère Services | 923 | 909 | (1.5%) | 0.5% |
| Lagardère Unlimited | 130 | 138 | 6.2% | 9.9% |

> Lagardère Publishing

Net sales were €2,038m in 2011, down by 5.9% as reported and by 4.4% on a like-for-like basis. The unfavourable base effect of Stephanie Meyer sales tailed off at the end of the third quarter 2011 and by year end had vanished completely. Stripping out this effect, net sales would only have fallen by 0.3% like-for-like.

In English-speaking countries the year was dominated by the rise of the e-book and problems for a number of distributors (bankruptcy of Borders in the US and REDgroup in Australia). There were good performances by Education sales in France (+2.4%), driven by reforms to the French secondary school system, and General Literature (+2.4%). Activity expanded in Spain too (+1.1%), where Education sales were also boosted by school reforms.

Fourth quarter 2011:

Reported sales fell 3.4% and like-for-like sales 3.8%.

In **France**, activity figures suffered from a very challenging comparison base in the fourth quarter 2010 in Education, created by the one-off postponement of schoolbook sales. General literature sales were also down (-7.7%) despite the success of some titles (*Steve Jobs* by Walter Isaacson, *Rien ne s'oppose à la nuit* by Delphine de Vigan). Solid performances by Distribution (+2.4%) and Larousse (+2.6%).

In the **United Kingdom**, net sales were down (-4.5%) mainly reflecting tougher international market conditions (REDgroup's bankruptcy in Australia). The solid performances in the Adult trade (thanks in large part to Walter Isaacson's biography of *Steve Jobs*) did not offset this effect.

United States: activity grew strongly (+12.8%) on the back of new bestsellers (*The Best of me* by Nicolas Sparks, *Seriously...I'm kidding* by Ellen DeGeneres), despite problems with distribution networks (bankruptcy of Borders) that lingered on into the fourth quarter.

The e-books growth continued in the fourth quarter, mainly in English-speaking countries: in the United States and United Kingdom e-books accounted for 20% and 10%, respectively, of Adult Trade at the end of December 2011. In France, new e-readers were launched in the autumn but have not triggered a breakthrough in the market yet.

In full-year 2011 e-books accounted for 6% of Lagardère Publishing's total net sales.

> Lagardère Active

Net sales of €1,441m at the end of December 2011, up by 1.3% like-for-like, down by 21% on a reported basis. The difference between reported and like-for-like figures was mainly due to the PMI sale. The currency effect was negligible.

2011 was marked by robust growth in TV Production (+8.3%) and TV channels (+7%), while French magazines (-2.2%) and Radio (-5.5%) were more mixed.

In the fourth quarter 2011, despite a challenging macro-economic environment, **activity held up (+0.2% like-for-like)** but still failed to keep pace with the unusually strong third quarter.

Activity excluding PMI:

Stripping out PMI, net sales were €1,075m for the year to 31 December 2011 (-0.5% like-for-like) and €353m for the fourth quarter 2011 (stable like-for-like).

There was a marked slowdown in advertising sales during the fourth quarter (-5.4% like-for-like), particularly in the radio business.

French magazines: there was a 2.7% decline in the fourth quarter, largely because of a 2.1% fall in circulation, though this was still more resilient than the sector average.

Radio: French radio activity dipped in the fourth quarter (-7.1%) as advertisers turned away from the sector and audience figures were mixed.

International radio net sales fell by 15% in the fourth quarter, due to a challenging comparison base (due to non-recurring items in fourth quarter 2010) and a softer environment.

TV production: very strong performances in the fourth quarter (+16.3%) drove 8.3% growth for the full year, largely thanks to the *Borgia* series.

TV channels: there was robust momentum too for the TV business, net sales rising by 15.4% thanks to good audiences (particularly for Gulli) which had a positive impact on advertising sales brokerage.

Background:

The main items regarding the PMI disposal are as follows:

- deconsolidation, effective 31 May 2011, of businesses sold in 13 countries: United States, Italy, Spain, Japan, Netherlands, Hong Kong, Mexico, Taiwan, Canada, Germany, Russia, Ukraine and the Czech Republic;
- activities in the United Kingdom were sold, effective 29 July 2011;
- activities in China (except the joint-venture with Marie Claire) were sold, effective 5 December 2011;
- The Marie Claire joint-venture was sold, effective 1 February 2012.

> Lagardère Services

Net sales of €3,724m at the end of December 2011, up 4% on a reported basis and 2% on a like-for-like basis. The difference between the reported and like-for-like figures is mainly due to a positive €26m impact from changes in consolidation scope, most notably first-time consolidation of activities in Singapore and Bulgaria, partly offset by Relay's business in Aéroports de Paris (ADP) being reported by the equity method from the fourth quarter 2011 following the new partnership with ADP. There was a €49m positive currency effect.

In 2011, despite a difficult environment (economy, Arab spring, natural disasters and bad weather in North America and the Pacific region), Retail activity grew 4.1%, sustained by good performances in the airport business, helped by the network development and new concepts, as well as marketing initiatives. Press Distribution net sales continue to shrink (-3.2%) reflecting the general weakness of the press market.

Fourth quarter 2011:

Growth in net sales slowed (-1.5% as reported and +0.5% like-for-like), due to two factors: Relay's activities in Aéroports de Paris were reported by the equity method as from the fourth quarter 2011, and the particularly strong fourth quarter 2010 set a challenging comparison base.

Retail activity (72% of total net sales) continued to grow (+2.1%), while Distribution (28% of total net sales) continued its downtrend (-3.7%).

Retail:

Retail net sales rose by 2.1% on a like-for-like basis, driven by Travel Retail, which was helped by ongoing growth in global airport traffic (+5% to end October 2011⁽⁴⁾).

In France, growth was a solid 4% thanks to a dynamic duty free business and fashion in Travel Retail.

Sales at Travel Retail Europe (excluding France) were mixed, with strong momentum in Central and Eastern Europe driven by an expanding network and the duty free business. In Western Europe, Travel Retail performances were again very solid, but business is more difficult in the traditional networks.

In the Asia-Pacific region net sales declined slightly again (-2.3%) due to work on major airport platforms and the strong Australian dollar.

North America recorded a significant recovery in activity (+5.7% in the fourth quarter) as the streamlining of the network and the launch of new concepts (iStore) bore fruit in a more encouraging economic environment.

Distribution:

Fourth-quarter net sales fell 3.7% on a like-for-like basis as a high comparison base exacerbated the structural decline in this business.

> Lagardère Unlimited

Net sales of €454m in 2011, up 14.5% on a reported basis and 6.2% like-for-like. The difference between the two figures is due largely to changes in the scope of consolidation, most notably the consolidation of Lagardère Paris Racing's business from 1 January 2011 and of Best (a US agency representing sports stars and celebrities) from April 2010.

Fourth quarter 2011:

Net sales continued to grow (+6.2% on a reported basis and +9.9% on a like-for-like basis), driven by a sports calendar favourable in terms of activity that included UEFA Euro 2012™ qualifying and playoff rounds and competitions organised by AFC (Asian Football Confederation) as qualifiers for the London 2012 Summer Olympic Games.

II. Outlook

Lagardère confirms its objective for recurring Media EBIT⁽⁵⁾ in 2011, originally announced on 8 November ("a decline of about 5% to 12% on a constant exchange rate basis vs. 2010").

As every year, the Group carries out impairment tests on its assets. In 2011, the weak environment in global economy and in stock markets on the one hand, and the performances (for 2nd half 2011) and prospects of the Unlimited branch on the other hand, are likely to give rise to significant impairment losses. On the top of that, impairment losses on Canal + France shares will be added. Overall, the impairment losses, which are mainly related to these two assets, may amount to around €900m.

Next on the agenda

- **Release of 2011 results**
Full-year results will be released on 8 March 2012 at 5:35 p.m. (CET). They will be presented at a meeting on the same day at 5:45 p.m.
- **Release of first quarter 2012 revenues**
Quarterly revenues will be released on 10 May 2012 at 8 a.m (CET).

⁽⁴⁾ ACI (Airports Council International) figures.

⁽⁵⁾ See definition at the end of this document

For the record: recurring Media EBIT definition

Recurring Media EBIT of consolidated companies is defined as the difference between result before financial charges and tax and the following items of the profit and loss statement:

- Contribution of associates
- Gains or losses on disposals of assets
- Impairment losses on goodwill, property, plant and equipment and intangible assets
- Restructuring costs
- Items related to business combinations:
 - Expenses on acquisitions
 - Gains and losses resulting from acquisition price adjustments
 - Amortization of acquisition-related intangible assets

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).

Important notice:

Some of the statements contained in this document are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect such views and assumptions as of the date of the statements and involve known and unknown risks and uncertainties that could cause future results, performance or future events to differ materially from those expressed or implied in such statements.

Please refer to the most recent Reference Document (Document de référence) filed by Lagardère SCA with the French Autorité des marchés financiers for additional information in relation to such factors, risks and uncertainties.

Lagardère SCA disclaims any intention or obligation to update or review the forward-looking statements referred to above. Consequently Lagardère SCA is not responsible for any consequences that could result from the use of any of the above statements.

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