PRESS RELEASE

2012 FIRST-HALF RESULTS

2012 Recurring media EBIT guidance maintained

Good resilience in a difficult economic environment

- **Stable net sales: €3,389m,** -0.2% like-for-like***(1)***
- **Recurring EBIT**(2) **from media activities: €112m,** -€21m excluding PMI and Russian radios
- **Net income - Group share: €36m**, +€8m

The financial position remains solid

- **Very good liquidity (available cash**(3) **€1,573m)**
- **Net debt: €1,729m,** stable versus 30 June 2011

Paris, August 30, 2012

Main points related to the first half of 2012:

> The Lagardère group demonstrated **resilience in a difficult environment.**

> The Group's new areas of development (Digital, TV Production, Travel Retail) continued their growth trend. **Net sales came out at €3,389m,** stable on a like-for-like basis (-0.2%) and down 9% reported, the difference mainly due to a negative scope effect linked to the sale of International Magazine Publishing (PMI) and the Russian Radio activities.

> **Recurring media EBIT came out at €112m,** down €56m reported and €21m excluding PMI and Russian radios.
- **Lagardère Publishing** faces negative market conditions. It is to be noted that second half profitability will be significantly higher than in the first half, due to seasonality.
- **Lagardère Active's** recurring EBIT increased by €14m (excluding the sale of PMI and the Russian radio activities), thanks to a strong performance by the TV Production activities and TV channels coupled with good cost control.
- **Lagardère Services** enjoys an increase in Travel Retail profitability. Negative scope effect following the equity accounting of some airport activities, previously fully consolidated, and now operated in joint ventures (-€5m impact on recurring EBIT).
- **Lagardère Unlimited** booked a provision for risk of €22m related to the IOC contract (marketing of media rights for the 2014 and 2016 Olympic Games). For the record, this provision is one of three elements which were excluded from the 2012 recurring media EBIT guidance communicated on 8 March. Excluding this provision, Recurring EBIT is up by €5m.

> **Net income - Group share** came out at €36m, up €8m, thanks to a better contribution from EADS and a lower tax expense.

> **Free cash flow**(4)**, which was negative as usual in the first half of the year, came out at -€97m, showing an improvement compared with the first half of 2011** thanks to a better variation in working capital requirement.

(1) At constant perimeter and exchange rate.
(2) Recurring EBIT before associates: see definition at end of press release.
(3) Cash and financial investments in the balance sheet and authorized, undrawn credit lines.
(4) Net cash generated by operating and investing activities, excluding acquisitions/disposals of financial assets and short-term investments.

I- GROUP SALES AND ACTIVITY

Lagardère SCA generated sales of €3,389m in the first half of 2012, down in reported terms (-9%) but stable on a like-for-like basis (-0.2%).

	Net sales (€m)		Reported change 2012/2011	Like-for-like change 2012/2011
	H1 2011	H1 2012		
LAGARDÈRE	**3,724**	**3,389**	**-9%**	**-0.2%**
Lagardère Publishing	900	905	0.5%	-2.4%
Lagardère Active	807	450	-44.2%	-3.7%
Lagardère Services	1,804	1,821	1%	2.4%
Lagardère Unlimited	213	213	=	-5.2%

The difference between the reported data and the like-for-like data can mainly be attributed to a negative scope effect of -€368m (essentially linked to the sale of PMI and the Russian radio activities). There was a positive foreign exchange effect of €40m.

> Lagardère Publishing

Net sales came out at €905m, up 0.5% in reported terms and down 2.4% like-for-like, the difference mainly attributable to a positive foreign exchange effect of €30m. **The prospects are positive for the second half.**

Continued growth of Digital books in first half 2012. Digital accounted for 8.4% (versus 6% at end-December 2011) of Lagardère Publishing's total net sales, and for 27% and 23% respectively of Adult trade[(5)] sales in the US and UK at end-June 2012. In France, the launch of new digital readers at the end of 2011 represents new development opportunities.

The first half saw a substantial market contraction in all countries in which the division operates, notably in the second quarter in Anglo-Saxon countries and in Spain.

In France, in a market down by 4 to 5%, global activity withstands (-2.9%), thanks notably to good performances in Illustrated books.

In Spain, activity fell (-10.7%) on the back of the economic environment and billing delays in the educational segment.

In the UK, trends in Trade publishing and the bankruptcy of RedGroup (for international activities) still have a negative impact on activity (-7.6%).

In the US, activity is also down (-4%), due to a weaker frontlist[(6)].

> Lagardère Active

2012 first-half sales came out at €450m, down 3.7% like-for-like and down 44.2% in reported terms, the difference mainly attributable to the disposal of PMI and the Russian radio activities.

Audiovisual production and TV activities both turned in a strong performance, generating growth of 13.5% and 2.7% respectively.

The contraction in advertising and the ongoing erosion of circulation explain the decrease in revenues for French Magazine Publications (-4.9%) and Radios for respectively -5.4% in France and -8.4% internationally.

All told, advertising revenue fell by 6.9%.

> Lagardère Services

2012 first-half sales came out at €1,821m, up 1% reported and up 2.4% like-for-like. The difference between the reported and like-for-like data is mainly due to a negative scope effect (-€31m) following the equity accounting of some activities in the Paris and Lyon Airports, now operated in joint-ventures. There was a slightly positive foreign exchange effect (€5.5m).

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(5) *Books meant for the general public – adult.*
(6) *Catalog of new publications.*

The division's activity mix continued the change underway, with Travel Retail now accounting for 56% of the total (up 3 points compared with the first half of 2011), and with 44% for LS distribution (Integrated Retail and Press wholesale Distribution).

In the first half of 2012, LS travel retail activity continued to play a driving role, posting growth of 9.1% (like-for-like) on the back of dynamic global air traffic levels (+5% worldwide, +2% in Europe, +9% in Asia Pacific)[(7)]. In France, sales grew by 8.4% thanks to a good performance by Duty Free & Luxury activities (Aelia), which grew by 18.2% thanks to the take-over of fashion segment in Aéroports de Paris and the modernization of points of sales. Relay is also up by 3.2%.

Sales in Eastern Europe also rose sharply (+15.4%, mainly driven by Duty Free), as well as in Asia Pacific (+6.3%), with strong activity levels recorded in Singapore in particular.

LS distribution activity saw a further decline (-4.8%) on the back of negative press trends, the effect of border trade in Switzerland and the economic crisis in Spain.

> Lagardère Unlimited

Net sales came out at €213m, stable in reported terms but down 5.2% like-for-like, the difference between the two mainly attributable to a positive foreign exchange and scope effect (€7m and €5m respectively).

The division performance is in line with expectations, notably in the marketing of German football club rights.

The decline in activity is mainly attributable to calendar effects:

- **at World Sport Group,** the non-occurrence of the Asian Football Cup in 2012, partly offset by the contribution of Olympic qualification football matches;
- **Sportfive** benefits this year from the African Nations Cup, which offsets the calendar effect related to the non-occurrence of UEFA qualification matches.

II- MAIN ITEMS IN THE INCOME STATEMENT

RECURRING EBIT BEFORE ASSOCIATES[(8)]

Recurring EBIT before associates (media activity) came out at €112m, down €56m reported and down €21m excluding PMI and Russian radios. This drop is mainly attributable to a €22m provision for risk by Lagardère Unlimited (related to the IOC contract). Stripping out these effects, recurring EBIT would be stable.

	Recurring media EBIT (€m)		Reported change 2012/2011 (€m)
	H1 2011	H1 2012	
LAGARDÈRE	**168**	**112**	**(56)**
Lagardère Publishing	71	57	(14)
Lagardère Active	52*	31	(21)**
Lagardère Services	41	37	(4)
Lagardère Unlimited	4	(13)	(17)

* €17m pro-forma - excluding the main assets sold (PMI and Russian radio activities).
** +€14m pro-forma - excluding main assets sold (PMI and Russian radio activities).

> Lagardère Publishing

Difficult market conditions in English speaking countries weighed on profitability, which fell to 6.3%, down 1.6 point.

Note that profitability in the second half will be significantly higher than in the first half, due to a seasonal effect.

Actually, **the outlook for the second half is positive**, with notably the publication of J.K. Rowling's *The Casual Vacancy* (to be published by Little, Brown Book Group in the UK; Little, Brown and Company in the US; and Grasset in France), and the translation into French of E.L. James' *Fifty Shades of Grey*.

(7) *Source: ACI – May 2012.*
(8) *See definition at end of press release.*

Lagardère Active

Excluding PMI and Russian radios, **profitability rose sharply to 7% (+3.3 points),** thanks to a strong trend in Audiovisual production and TV and rigorous cost control, which more than offset the negative trends on the advertising and broadcasting market.

Lagardère Services

Good profitability in Travel Retail activities, notably in Duty Free and Eastern Europe. These trends were offset slightly by development costs in Asia and integration costs related to the new activities in Europe.

The slight fall in profitability (2%, -0.3 point) is due to the decline in Distribution activities, notably in North America and Spain, and to the equity accounting of several concessions (-€5m impact) in the Paris (fashion and Relay) and Lyon airports. These activities were previously fully consolidated. This impact will be less significant in the second semester 2012, as the bulk of these activities was transferred during the second half of 2011.

Lagardère Unlimited

Recurring EBIT fell by €17m, attributable to the €22m provision for risk related to the IOC contract (sale in Europe of the media rights for the 2014 and 2016 Olympics). Bear in mind that this provision is one of three elements which were excluded from the 2012 recurring media EBIT guidance communicated on 8 March.

When we exclude this provision, recurring EBIT increased by €5m thanks to a strong performance in German club marketing rights, the positive contribution of the African Nations Cup and a fall in non-recurring items.

Recurring EBIT from Non-media activities came out at -€6m, up €2m on the first half of 2011.

CONTRIBUTION FROM ASSOCIATES

The associates generated a result of €45m, up €23m compared with the first half of 2011, essentially due to growth in EADS' results (the contribution reaches €42m, compared with €9m in 2011 first half).

NON-RECURRING/NON-OPERATING ITEMS

Non-recurring/non-operating items came out at -€39m in the first half of 2012 compared with -€27m as of June 30 2011. These break down as follows:

- **amortization of €16m booked on acquisition-related intangible assets and other acquisition-related expenses**, mainly concerning Lagardère Unlimited and Lagardère Services;
- **restructuring expenses of €14m,** €11m of which related to Lagardère Active after a ramp-up of the cost streamlining program;
- **impairment of €9m** booked on a property in Italy.

INCOME BEFORE INTEREST AND TAX

This came out at €112m, compared with €155m in the first half of 2011, reflecting the fall in recurring media EBIT.

NET INTEREST EXPENSE

Net interest expense amounted to €40m, down €5m in relation to the first half of 2011 under the impact of lower average net debt.

TAX

The tax charge amounted to €24m compared with €66m in 2011 first half, the difference partly attributable to lower pre-tax income and partly to a one-off tax charge in the first half of 2011 related to the disposal of International Magazine Publishing.

Based on all of these factors, total net income came out at €48m, of which €36m is attributable to the Group and €12m to minority interests.

INCOME STATEMENT

(€m)	H1 2011 Media	H1 2011 Other activities*	H1 2011 Total	H1 2012 Media	H1 2012 Other activities*	H1 2012 Total
Net sales	3,724	/	3,724	3,389	/	3,389
Recurring EBIT before associates	**168**	**(8)**	**160**	**112**	**(6)**	**106**
Income from associates	13	9	22	3	42	45
Non-recurring/non-operating items	(27)	/	(27)	(39)	/	(39)
Income before interest and tax	**154**	**1**	**155**	**76**	**36**	**112**
Net interest expense	(22)	(23)	(45)	(11)	(29)	(40)
Income before tax	**132**	**(22)**	**110**	**65**	**7**	**72**
Income tax expense	(77)	11	(66)	(44)	20	(24)
Total net income	55	(11)	44	21	27	48
Attributable to minority interests	(16)	/	(16)	(12)	/	(12)
Net income - Group share	**39**	**(11)**	**28**	**9**	**27**	**36**

* Non-Media, Canal+ France and EADS.

ADJUSTED NET INCOME - GROUP SHARE

Adjusted net income - Group share (which excludes the contribution from EADS and non-operating items) **came out at €30m,** down €27m in relation to the first half of 2011, mainly due to the €22m provision for Lagardère Unlimited related to the IOC contract.

(€m)	H1 2011	H1 2012
Net income attributable to the Group	**28**	**36**
Equity accounted contribution from EADS	(9)	(42)
Amortization of acquisition-related intangible assets and other acquisition-related expenses*	22	13
Impairment losses on goodwill and intangible assets*	(1)	10
Restructuring costs*	11	13
Gains (losses) on disposals*	6	-
Adjusted net income - Group share	**57**	**30**

* Net of tax.

III- OTHER FINANCIAL ITEMS

CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

(€m)	H1 2011	H1 2012
Cash flow from operations before financial expenses and tax	282	237
Change in working capital	(278)	(191)
Cash flow from operations	**4**	**46**
Interest paid and received, income taxes paid	(62)	(44)
Cash generated by/(used in) operating activities	**(58)**	**2**
Acquisition of property, plant & equipment and intangible assets	(121)	(103)
Disposal of property, plant & equipment and intangible assets	20	4
Free cash flow	**(159)**	**(97)**
Acquisition of financial assets	(54)	(107)
Disposal of financial assets	498	16
Increase/(decrease) in short-term investments	**/**	**10**
Net cash from operating & investing activities	**285**	**(178)**

Cash flow from operating activities reached €2m in the first half of 2012.

- **Cash flow from operations before financial expenses and tax fell slightly to €237m,** reflecting the fall in recurring EBIT.
- The change in **working capital requirement (WCR)**, which is usually negative in the first half, improved significantly (+€87m) in relation to H1 2011, attributable to a positive accounts receivable trend in Lagardère Publishing (linked to the growth in digital books) and Lagardère Active, the return to a normative situation at Lagardère Unlimited (payment delays at the start of 2011), and the positive effect from the deconsolidation of the PMI activities.
- **Interest paid** (net of interest received) fell from -€21m to -€12m.
- **Tax payments** fell also (€32m compared with €41m in the first half of 2011).

Investments flows reached €210m.

- **Tangible and intangible investments amounted to €103m,** down slightly compared with the first half of 2011, mainly concerning Lagardère Services (continued development through points of sale improvement and new concessions won) and Lagardère Unlimited (acquisition of sports rights).
- **Financial investments amounted to €107m, up by €53m compared with the first half of 2011** and correspond mainly to the 61% stake in LeGuide.com acquired by Lagardère Active, the continued development of the travel retail activities by Lagardère Services (with acquisitions in Prague and Geneva) and the acquisition by Lagardère Unlimited of the North American sports agent Gaylord.

Financial assets sold amounted to €16m, essentially corresponding to the sale to Hearst of the joint venture owned with Marie Claire in China.

Total cash from operating & investing activities amounted to a net outflow of €178m compared with a net inflow of €285m on 30 June 2011, the variation mainly attributable to the disposal of International Magazine Publishing (€471m) in 2011.

FINANCIAL POSITION

Net debt stood at €1,729m on June 30, 2012, stable in relation to June 30, 2011. The seasonal gap (+€460m in relation to 31/12/2011) is due to dividends paid and negative free cash flow in the first half of the year, as well as acquisitions.

The Group continues to have strong liquidity, with €1,573m in available liquidity (cash and financial investments in the balance sheet of €620m, and authorised but undrawn credit lines of €953m). Its debt maturity schedule remains well balanced, with the first maturity in October 2014 (redemption of the bond issued at end-2009 for €991m). In January 2011, the Group renewed a €1.6bn syndicated bank loan for a five year period.

IV- OUTLOOK – GUIDANCE

GROWTH TARGET FOR RECURRING MEDIA EBIT MAINTAINED

The second half of the year should benefit from a significant improvement in profitability after a first half performance that cannot be extrapolated to the full year, and which is traditionally weaker in terms of the Group's activity and results.

The recurring media EBIT target is therefore maintained under conditions indicated on 8 March: excluding the 3 items described below, at constant scope (excluding PMI and the Russian radio activities) and currency, recurring media EBIT in 2012 should be stable compared to 2011.

The 3 items excluded from the guidance, which relate to Lagardère Unlimited, are the following:

- the risk provision related to the IOC contract, for which €22m were booked in the first half ;
- the potentially positive settlement of the claim with the French Football Federation;
- the potentially positive settlement of the litigation with the Board of Control for Cricket in India.

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NEXT KEY DATE:

- **Publication of 2012 third-quarter sales** on 13 November 2012 at 8am CET.

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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.

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The conference call presenting the results can be viewed directly online today at:
www.lagardere.com

Lagardère is a world-class pure-play media group (Book and e-Publishing; Press, Audiovisual, Digital and Advertising Sales Brokerage; Travel Retail and Distribution; Sport Industry and Entertainment).
With a holding of 7.5%, Lagardère jointly controls EADS.
Lagardère shares are listed on Euronext Paris.

Important Notice:

Some of the statements contained in this document are not historical facts but rather are projections, estimates and other forward-looking statements that are based on the 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 financial market authority (Autorité des marchés financiers) for additional information in relation to such factors, risks and uncertainties.

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