



Quarterly information – Third quarter of 2009

2009 objectives reiterated
Lagardère SCA consolidated revenues to end September 2009:
down 3.7% on a reported basis and 3.9% on a like-for-like basis⁽¹⁾.

-- Paris, November 5, 2009 --

Lagardère SCA consolidated revenues for the nine months to end September 2009 totaled €5,820m, representing a fall of 3.7% on a reported basis and of 3.9% on a like-for-like basis.

The difference between the falls in revenues on a reported basis and on a like-for-like basis was marginal. Changes in the scope of consolidation had a positive effect of €93m, mainly due to the full consolidation of WSG from January 1, 2009. This was virtually canceled out by adverse exchange rate effects of €84m (fall in sterling and some Eastern European currencies against the euro, partly offset by the rise in the U.S. dollar).

Key trends during the third quarter of 2009 on a like-for-like basis were:

- **Lagardère Publishing** – Sales still growing strongly despite a tough comparative, driven by a very good autumn literary season in France combined with double-digit growth in the United States despite the slowing of the Stephenie Meyer phenomenon.
- **Lagardère Active** – Pace of contraction in revenues virtually the same as for the first half of 2009. Broadcast faring better than Press, but still a very mixed picture from country to country. Advertising revenues down by some 25% on a deterioration for Magazines in France and International Radio activities, partly mitigated by an improvement in the trend for French Radio activities.
- **Lagardère Services** – Similar trends to the first half of 2009. Press Distribution revenues down by just over 8.0% (or 6.5% excluding the closure of operations in Poland), with Retail revenues holding steady.
- **Lagardère Sports** – Marked drop in revenues due to a tough comparative, less favorable timing of sporting events than in the third quarter of 2008, and a slowdown in business in Europe.

We are reiterating our guidance of a fall in recurring EBIT before associates (excluding Lagardère Active) of between zero and no more than 10% at constant exchange rates. Although economic conditions remain very tough, our objective is to reach the upper end of this guidance range.

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

	Revenues (€m)				Change 2009/2008 (reported)	Change 2009/2008 (like-for-like)
	2009: Q1	2009: H1	2009: 9 months	2008: 9 months		
LAGARDERE	1,778.1	3,720.0	5,819.8	6,042.0	(3.7%)	(3.9%)
- Lagardère Publishing	462.8	1,009.1	1,693.7	1,563.4	8.3%	8.8%
- Lagardère Active	399.2	831.2	1,226.1	1,516.4	(19.1%)	(17.9%)
o Press	310.0	633.3	939.8	1,176.4	(20.1%)	(19.1%)
o Broadcast	89.2	197.9	286.3	340.0	(15.8%)	(13.5%)
- Lagardère Services	782.4	1,618.9	2,516.6	2,613.3	(3.7%)	(2.5%)
- Lagardère Sports	133.7	260.8	383.4	348.9	9.9%	(12.0%)

I – Revenues

Lagardère Publishing

Revenues for the nine months to end September 2009 were €1,694m, up 8.3% on a reported basis and 8.8% on a like-for-like basis. Sales grew again in the third quarter of 2009, rising by 5.1% on a like-for-like basis.

Trends in the various regions during the third quarter of 2009 are described below:

- In the United States, the pace of sales growth remained very strong through the summer at over 15% despite a tough comparative, the success of the Stephenie Meyer saga (*Breaking Dawn*, *New Moon*, *Twilight* and *Eclipse*) having begun in July 2008. The main growth drivers were books by Edward Kennedy (*True Compass*), Uwem Akpan (*Say You're One Of Them*), Kaylie Jones (*Lies My Mother Never Told Me*) and Malcolm Gladwell (*Outliers*).
- There was further sales growth in the United Kingdom but Spain reported a slight dip, mainly due to lower sales in Education.
- In France, the autumn literary season was highly satisfactory, with a number of success stories including books by Justine Lévy (*Mauvaise fille*, Stock), Frédéric Beigbeder (*Un roman français*, Grasset), Alexandre Jardin (*Quinze ans après*, Grasset), Françoise Sagan (*Toxique*, Stock), Sylvie Brunel (*Manuel de guérilla à l'usage des femmes*, Grasset) and Antony Beevor (*D-Day*, Calmann-Lévy). This performance represents a marked upswing in the quarter.
- Partworks experienced an upturn, mainly in France and Japan.

Lagardère Active

Third-quarter revenues totaled €1,226m, a fall of 19.1% on a reported basis and of 17.9% on a like-for-like basis, in line with the trend to end June (down 17.7% on a like-for-like basis).

The rate of decline in revenues (excluding the effect of discontinued and divested titles) was in line with that recorded in the first six months of the year. In Magazines, the third-quarter figures confirmed the trends observed during the second quarter: the decline has stabilized in the international business but deteriorated in France. In Radio, there is a very mixed picture from region to region, with revenues falling in the international business but improving in France thanks to good results at Europe 1.

Digital activities accounted for 7.3% of Lagardère Active revenues to end September 2009 (versus 6.2% in the comparable period of 2008), in line with the objective of 5%-10% of sales in 2009.

Press

Sales for the Magazines business for the nine months to end September 2009 were down 20.1% on a reported basis and 19.1% on a like-for-like basis at €940m.

The main trends in advertising revenues in the third quarter of 2009 were:

- A slightly less marked contraction for Magazine Publishing France than for the international business. The drop in 2009 third-quarter revenues in France was mainly due to a reduction in advertising spend by the fashion industry, which hit September sales hard.
- Stabilization in the trend for Magazine Publishing International, with the pace of contraction still around 30%. The various regions experienced mixed fortunes. Spain, and to a lesser extent the United States, reported less negative trends than in the second quarter of 2009, reflecting a more flattering comparative. There were no significant changes in trends in other countries. Market share advanced slightly in all countries, especially in the Women's segment (where Lagardère is strongest).

Same-title circulation revenues fell by around 5% in the third quarter of 2009, in line with the trend to end June, again with a mixed picture from country to country. The situation continues to be better in France, where Lagardère is still building market share.

Broadcast

Broadcast revenues for the nine months to end September 2009 amounted to €286m, down 15.8% on a reported basis and 13.5% on a like-for-like basis (versus a 15.0% fall to end June). This reflects an improvement in the third quarter of 2009 (fall of 9.9% on a like-for-like basis), due largely to the effect of the comparative base.

- **Radio**

In France, revenues contracted by just 5% in the third quarter of 2009, showing a very marked improvement relative to a first half that saw advertising revenues fall by over 15%. Europe 1, which reported growth in the third quarter of 2009, again significantly outperformed the music stations RFM and Virgin Radio, which saw a double-digit decline. Over the nine months to end September 2009, the international radio business reported a similar trend to that seen in the first half of the year, with a contraction of over 20%.

- **Television**

The pace of contraction in Television revenues slowed in the third quarter of 2009 thanks to a recovery in program deliveries (in particular, some TV series) at Lagardère Entertainment. Advertising revenues for digital terrestrial TV again recorded slight growth.

Lagardère Services

Divisional sales for the nine months to end September 2009 were €2,517m, down 2.5% on a like-for-like basis and 3.7% on a reported basis, which is close to the rate of contraction reported in the first half of the year. Compared with the nine months to end September 2008, the division has had to bear negative exchange rate effects of €60m, mainly due to rises in the average rate of the euro against the Polish zloty (28% rise) and the Hungarian forint (14% rise).

Retail (which accounts for two-thirds of Lagardère Services revenues) held steady thanks to the opening of new sales outlets, while press distribution revenues fell by more than 8% (or 6.5% excluding the effect of the closure of operations in Poland).

- Revenues at Aélia are being eroded by reduced air travel, and this trend accelerated slightly in the third quarter of 2009. Conversely, the slight uptrend in sales at Relay France seen in the second quarter was confirmed, even though the print media market remained depressed.
- Retail activities followed the same trends as in the first half of the year: double-digit growth in Romania thanks to expansion of the store network, limited growth in Germany and the Czech Republic, and a decline in sales in Hungary. In Spain, the trend – though still negative – was more favorable than in the first half of the year.

The press distribution business showed a further fall, especially in the United States and Spain, though the decline was less marked elsewhere in Europe.

Lagardère Sports

Lagardère Sports reported sales of €383m for the first nine months of 2009, up 9.9% on a reported basis but down 12.0% on a like-for-like basis. The difference between the reported-basis and like-for-like figures was mainly due to the full consolidation of WSG from January 1, 2009.

As expected, like-for-like revenues fell in the third quarter of 2009 due to a particularly challenging comparative (31% like-for-like growth in the third quarter of 2008, driven by major sporting events in the period, especially the Euro 2008 football tournament). The third quarter of 2009 was also affected by harsher market conditions in Europe, leading to a decline in some media rights (especially in the United Kingdom) and in sponsorship contracts.

II – Significant events affecting the financial position and results of Lagardère SCA at September 30, 2009

□ Recurring EBIT before associates

- Given the trend in reported-basis consolidated revenues, Lagardère Media EBIT before associates fell year-on-year in the nine months to end September 2009, with the erosion in revenues at Lagardère Active only partially offset by the cost-cutting measures announced in March 2009. For the other divisions, while Lagardère Publishing is well ahead of budget, the situation is less favorable at Lagardère Services and Lagardère Sports.
- The contribution from EADS (accounted for as an associate) was included on the basis of a 10.0% interest through March 2009. This percentage has been reduced to 7.5% for the rest of the year following the delivery of the final tranche of the Mandatory Exchangeable Bonds (exchangeable for EADS shares) to Natixis on March 24, 2009.
- Non-recurring items mainly comprise the gain on disposal of the EADS shares, restructuring costs at Lagardère Active, and impairment losses charged against certain intangible assets.

□ Net interest expense

The fall in net interest expense reflects the effect of the redemption of the Mandatory Exchangeable Bonds in March 2009, combined with the impact of lower interest rates.

□ **Net debt**

The main items impacting consolidated net debt are as follows:

- the dividend payout of €194m;
- the €664m proceeds from the disposal of EADS shares on redemption of the final one-third tranche of the Mandatory Exchangeable Bond.

□ **Other significant events during the third quarter of 2009**

None of Lagardère's divisions made any significant acquisitions during the quarter.

Report of the examiner appointed by the AMF Enforcement Committee

The report of the examiner appointed by the Enforcement Committee of the *Autorité des Marchés Financiers* (AMF) in connection with the investigation into dealings in EADS shares was delivered on July 28, 2009, and completely exonerated the Lagardère Group.

Successful bond issue

On September 24, 2009, the Group launched and set the terms of its first-ever public bond issue. The 5-year issue, which raised €1bn, matures in 2014 and bears annual interest of 4.875%. This issue has enabled Lagardère SCA to diversify its sources of finance and extend the average maturity of its debt. The proceeds of the issue will be used primarily to repay the syndicated loan maturing 2012.

III – Outlook

Given a more favorable comparative (lower revenue growth in the fourth quarter of 2008), the decline in revenues for the fourth quarter of 2009 could be less marked than that reported in the nine months to end September.

Unlike the other divisions though, Lagardère Publishing faces a particularly challenging fourth-quarter comparative, as the success of the Stephenie Meyer saga drove like-for-like sales growth to 6.0% in the fourth quarter of 2008. While the division's prospects for the final quarter of 2009 still look good, given the publication in France of Dan Brown's latest and the new Astérix book, the pace of growth is likely to slow considerably.

For Lagardère Active, visibility remains very poor, and we can expect the downtrend seen in the third quarter of 2009 to continue. Nevertheless, the decline could be slightly less marked at the end of the year thanks to a more favorable comparative.

Lagardère Services will enjoy a more favorable comparative, while a recovery in air traffic could lead to a slight recovery in the pace of top-line growth, especially in Asia.

Lagardère Sports is set for a difficult end to the year given the tensions in the European media rights market (fallout from the collapse of Setanta Sports) and, to a lesser extent, in the sponsorship market.

In light of these factors, we are reiterating the guidance for Media recurring EBIT before associates that we issued in March 2009:

As regards Lagardère Active, we would point out that:

- Each 1% loss of advertising revenue has a negative impact of between €8m and €10m on recurring EBIT before associates over a full year before any cost savings, on top of which come the unavoidable knock-on effect of rises in some operating costs (approximately €35m) and the cost of continuing with our initiatives to prepare for the future (approximately €10m).
- Cost savings arising from measures already taken and from the additional measures announced in March 2009 (One Step Further plan) are expected to have a positive impact of at least €90m in 2009. At end September, progress on the One Step Further cost-cutting plan was slightly ahead of forecasts.

For our other activities, we are reiterating our guidance of a fall in recurring EBIT before associates of between zero and no more than 10% at constant exchange rates. Although economic conditions remain very tough, our objective is to reach the upper end of this guidance range.

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 holds a 7.5% stake in EADS, over which it exercises joint control. Lagardère shares are listed on Euronext Paris.

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