

Third Forum on Unlisted Companies  
December 6, 2005

# Editis 2005

## Achievements and Perspectives

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# Agenda

1. Editis Overview
2. Goals and Achievements
3. Financial Review
4. 2006 Goals



# 1

# Editis Overview



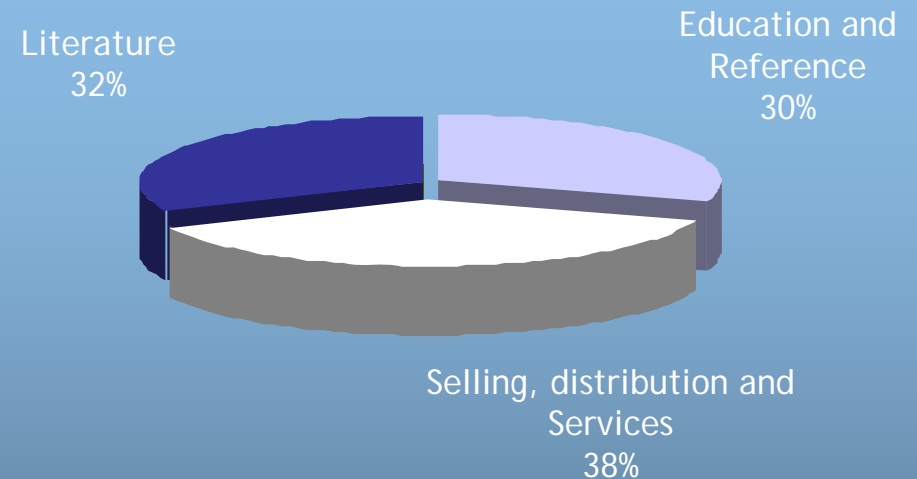
# Introduction



## Overview

- ▲ Editis is a leading publisher in French-language, employing 2,200 people, with sales of 717 M€ in 2004
- ▲ Editis is present on General Literature and Education & Reference books
- ▲ Editis also has a Services division called Interforum, one of the most performing selling and distribution network with operations in France and abroad

## Balanced portfolio of activities



## Management

- ▲ Talented and highly motivated editors lead each Editis's publishing house
- ▲ Editis's management team has strong track record and publishing business experience

## Key facts

- ▲ 37 brands and about 20,000 authors
- ▲ Above 4,000 new Editis titles, and 126 million books handled by Interforum in 2004
- ▲ ~15,000 customers

# Strong publishing houses and brands



## General Literature



## Education and References





# 2

## Goals and achievements



# Medium Term Goals

- Reconquer our leadership in French language publishing
- Improve our operational performance to enhance our cash generation profile

# 5 growth drivers



## Objectives

Editorial growth

- Foster editorial projects to outperform market evolution

New distribution contracts

- Sign new Sales and Distribution contracts to increase Interforum capacity utilization

External growth

- Selectively acquire companies to reinforce current positions / enter new fields

Lower break-even point

- Control costs evolution and adapt Group structure to its new perimeter

Market access

- Facilitate product placement



# Editis recent achievements

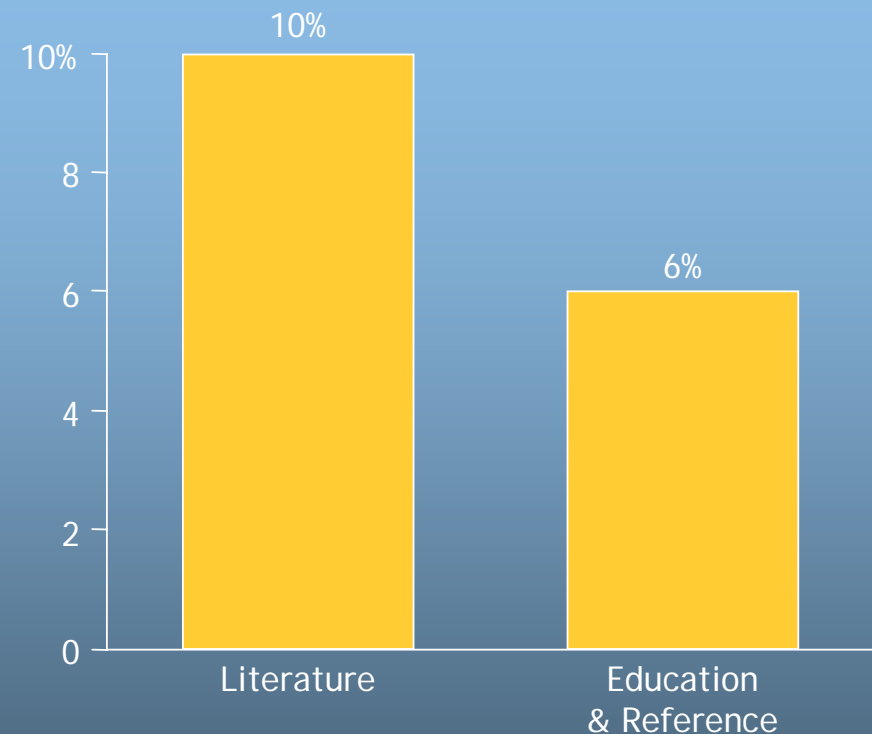


1. Strong internal growth and new editorial developments
2. Two acquisitions (Le Cherche Midi, First) to expand our editorial presence
3. One partnership with Quebecor
4. Signature of several distribution contracts
5. Preparation of the end of selling and distribution contract with Larousse (January 1, 2006) and with former Editis's Universitaire publishers (January 1, 2007)
6. Alignment of Editis's structure on its new business perimeter

# Focus on internal growth & Editorial developments

- ▲ In a sluggish market environment, Editis houses have experienced strong growth
- ▲ In particular, Editis published several best-sellers over the past 12 months
  - Hardcover books : Vous revoir (Marc Lévy, Robert Laffont), Les Demoiselles de Provence (Patrick De Carolis, Plon), L'Attentat (Yasmina Khadra, Julliard), Les charmes discrets de la vie conjugale (Douglas Kennedy, Belfond)...
  - Paperback books : Da Vinci Code, La Prochaine Fois, Et Après...
  - Textbooks: TransMaths (Nathan), SVT (Bordas)
- ▲ Editis also expanded its editorial scope with Lonely Planet, Kurokawa and more recently Le Dictionnaire Culturel de la Langue Française

Editis growth between 04 YTD and 05 YTD



# 2005 Key successes



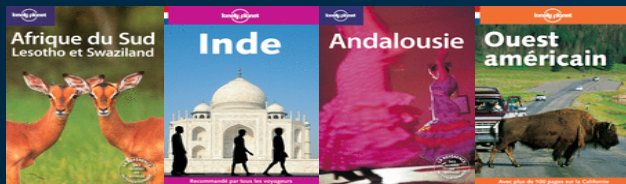
- ▲ On hardcover books, Editis has also strengthened its market share
  - In the first 9 months of 2005, Editis had a 22% market share (in best sellers list)
  - 5 out of top 20 hardcover books are from Editis's publishers
- ▲ Univers Poche consolidates its leadership on paperback books
  - Univers Poche will consolidate its leadership with 25 million books sold in 2005
  - In the first 9 months of 2005, 12 out of top 20 paperback books are Pocket books ; 1.5 million "Da Vinci Code" have been sold so far
  - Editis's share (in best sellers list) reached 68% in the first 9 months of 2005
- ▲ Education houses have had a very strong performance this year
  - Nathan has gained significant market share in the "back-to-school" period this year
- ▲ Interforum third-party publishers have also had several best-sellers
  - La règle des 4 (Ian Caldwell, Michel Lafon), Le sang du temps (Maxime Chattam, Michel Lafon), Sauve moi (Guillaume Musso, XO)

# Examples of editorial developments



## Lonely Planet

- ▲ Place des Editeurs owns Lonely Planet license since July 2004
- ▲ Travel guides segment is dynamic with 3% growth between 2004 and 2005
- ▲ Lonely Planet ranks #2 on worldwide travel guides segment



## Dictionnaire Culturel de la Langue Française

- ▲ Le Robert published Le Dictionnaire Culturel de la Langue Française by Alain Rey
- ▲ It took over 10 years to finalize this ambitious project
- ▲ 22,000 books were installed in stores mid-November



## Kurokawa

- ▲ Univers Poche launched Kurokawa, a new manga collection in September 2005
- ▲ Manga is a very dynamic segment representing 30% of comics market
- ▲ Kurokawa sold over 80,000 books in only 2 months





# Selectively acquire attractive targets

le cherche midi

- Editis acquired Le Cherche Midi Editeur in June 2005
- Le Cherche Midi is positioned on three segments : Humor, General Literature and Poetry, Illustrated books (practical and art)
- Le Cherche Midi publishes ~120 new titles per year
- Its sales amount to ~10 M€ in 2004 with 8% annual growth for the past 4 years

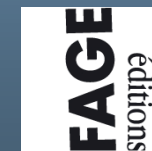
FIRST  
Editions

- Editis acquired First Editions in December 2005
- First Editions leads IT segment in France and holds #3 position on Practical books
- First Editions owns Wiley license "Pour les Nuls"
- Its sales amount to ~17 M€ in 2004, and increased by 17% between 2003 and 2004



# Develop Interforum through 3<sup>rd</sup> parties publishers

- Interforum gained over 20 new selling and distribution contracts since January 2004
- These new contracts accounted for €11 mm sales in 9M 2005, against €6 mm in 9M 2004
- Overall, Editis is ahead of schedule to compensate Larousse departure



# Align structure to new business perimeter

- ⤴ Roughly 40% of Editis's staff will have changed site over the past 12 months, to improve overall performance:
  - Carve-out consequences (ex: Sejer / Larousse)
  - Grouping of editorial teams / houses (ex: Nathan)
  - Alignment on the new Group perimeter (ex: Headquarters)
- ⤴ The objectives were to adapt working conditions and optimize real estate costs
- ⤴ Editis also aligned its structure to its new scope of activities



# Summary



1. Editis over-performed publishing market through strong developments both internally and externally
2. Interforum also showed strong performance and is ahead of plans regarding the compensation of Larousse's distribution contract
3. Editis's structure is now sized to run existing business and adapted to future expansion

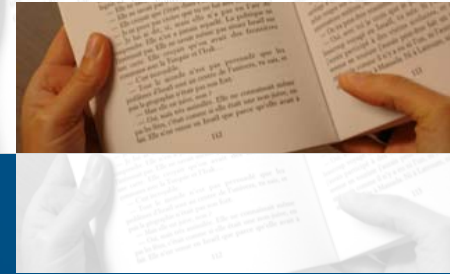


# 3

## Financial Review



# Historical financial performance



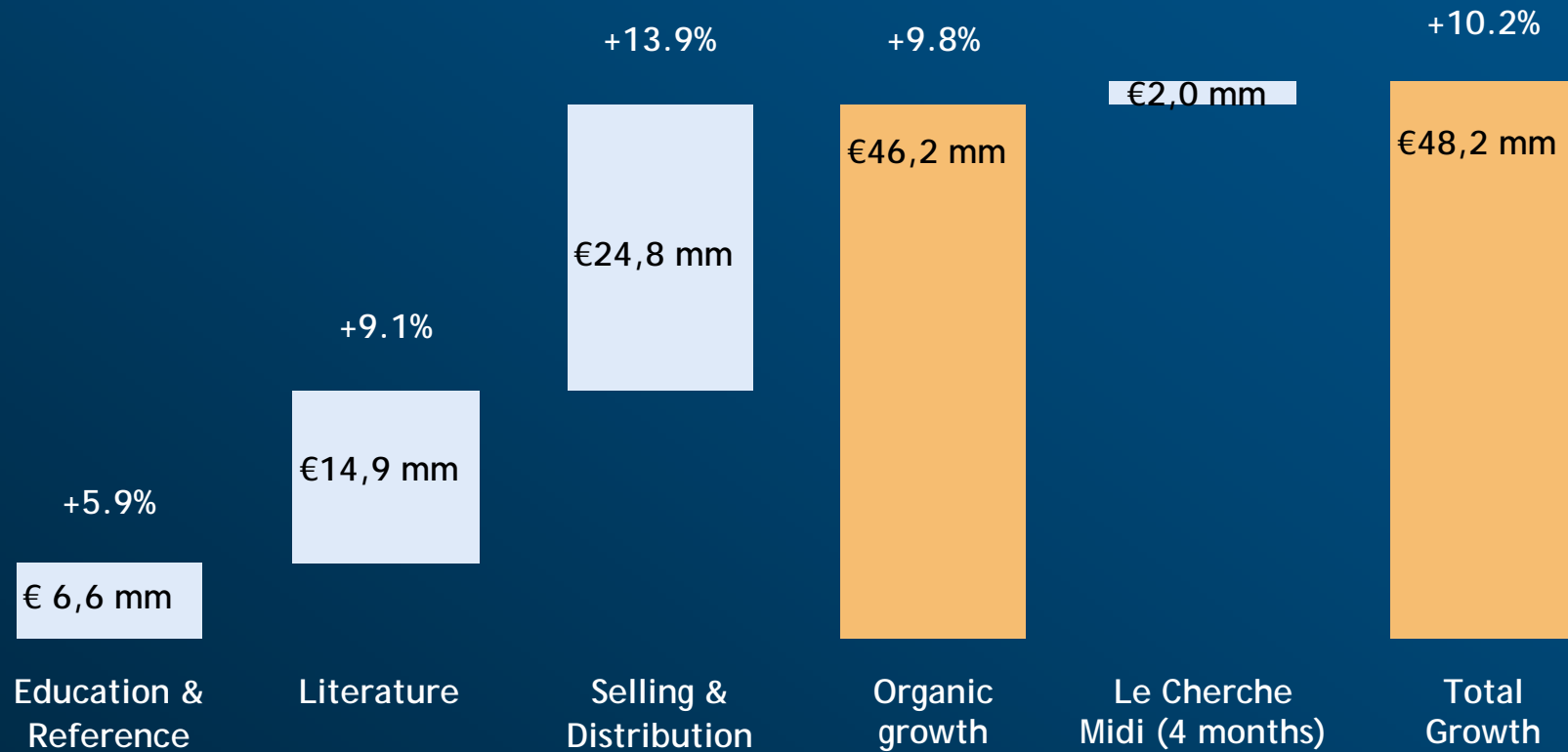
(€ millions)

9 months ended September 30\*

	<u>9M 2004</u>	<u>9M 2005</u>	<u>04-05 Growth</u>
Net Revenues	504	556	+10.2%
EBITDA	<u>64</u>	<u>74</u>	<u>+15.0%</u>
% Margin	12.7%	13.3%	
Operating Margin	<u>40</u>	<u>52</u>	<u>+30.4%</u>
% Margin	7.9%	9.4%	

\* French GAAP

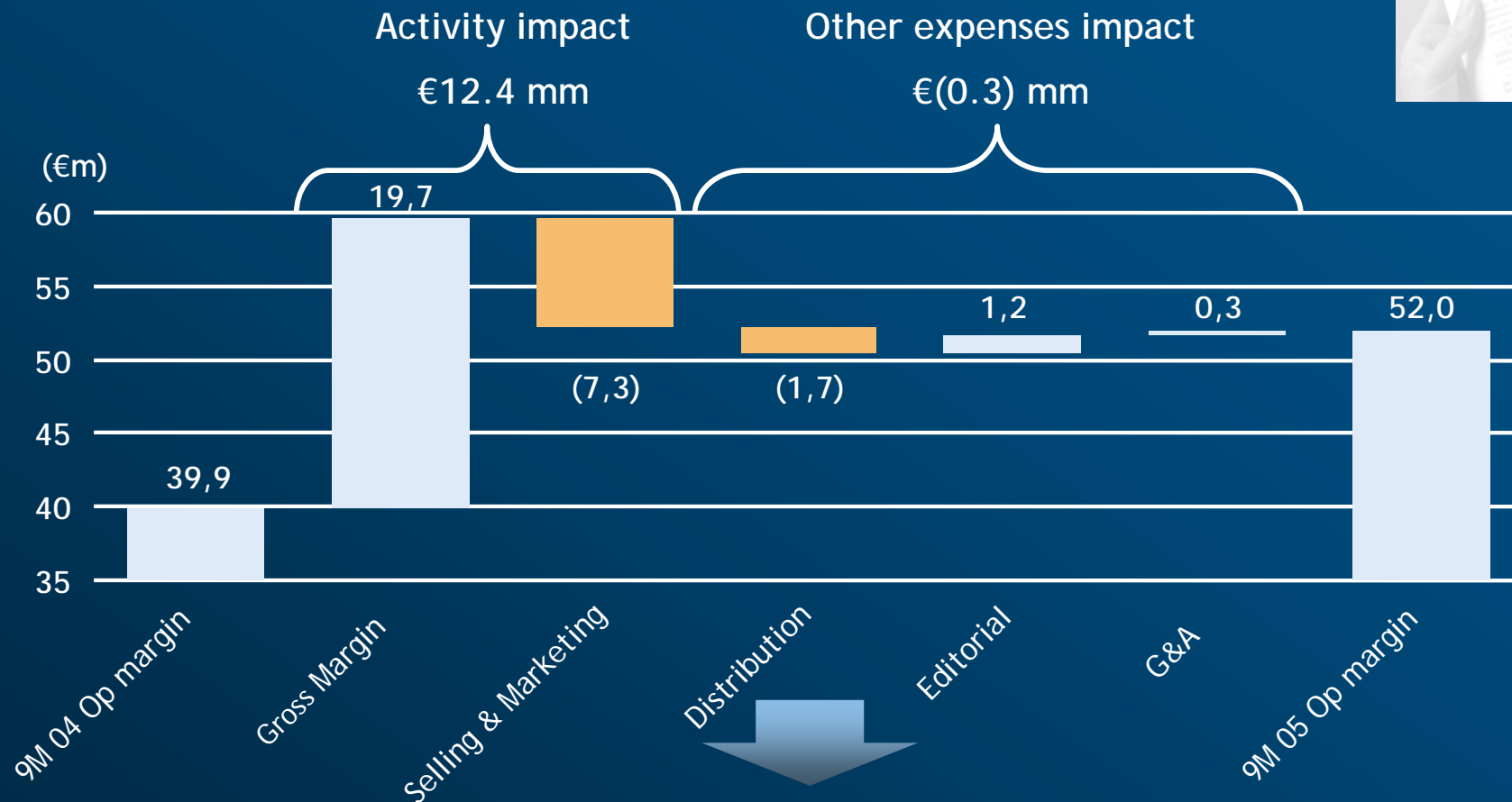
# Net Sales Bridge YTD 04 - YTD 05



Organic growth : +9.8%  
Impact of Le Cherche Midi acquisition : +0.4%

# Operating Margin Bridge YTD

## 04 – YTD 05

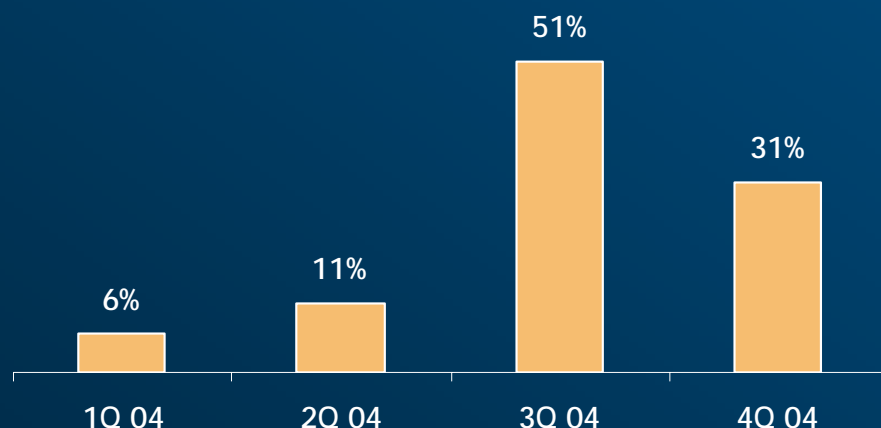


€12.1 mm increase in YTD operating margin attributable to :

- ✓ €12.4 mm derived from activity growth
- ✓ €(0.3) mm increase in other operating expenses, including €(1.7) mm in distribution costs (freight), €1.2 mm favorable impact in editorial impairments and €0.3 mm savings in G&A.

# Seasonality

## Operating Margin



- ▲ Approximately 80% of operating margin is generated in the second half of the year :
- Literature sales are higher in September and October, following the “rentrée littéraire” and retailers stockpiling prior to Christmas
- Education sales are mainly generated for the back-to-school period.

## Working Capital Seasonality (Dec. 2003 – Dec. 2004)



- ▲ 1H : payments of authors copyrights (earned during the previous year) and built-up of inventory in preparation for back-to-school ;
- ▲ 3Q : increase in invoices in connection with back-to-school and “rentrée littéraire” ;
- ▲ 4Q : cash collection from retailers.



# 4 2006 Goals



# Perspectives for 2006



- ✦ Pursue internal growth projects and selective acquisitions
- ✦ Prepare the end of selling and distribution contracts with former Editis's education publishers (Dalloz, Dunod, Armand Colin)
- ✦ Evaluate international opportunities