



WENDEL
INVESTISSEMENT



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Forum on Unlisted Companies

Editis

December 7, 2004

Where Creativity meets Publishing



Agenda

- 1 - Editis Overview
- 2 - Industry Review and Editis Position
- 3 - Editis Divisional Review
- 4 - Financial Review
- 5 - Strategy



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Editis Overview



Editis Group

- × Editis is a leading publishing group with strong selling and distribution capacities
 - × €714 m combined net revenues and €96 m Pro Forma EBITDA for the full year ended June 2004
- × Editis has a compelling business profile:
 - × The business is comprised of 3 segments, each with different market drivers
 - × Risks are shared and balanced by the editorial variety and diversity of publishing houses (more than 30 brands)
 - × Growing market (1997-2003 CAGR: +2.7%)
 - × Strong and stable market shares (#2 in France)
 - × Favourable regulatory environment (Lang Law)
- × Editis has strong profitability due to:
 - × Low capex requirements
 - × State-of-the-art selling and distribution platform
 - × Integrated profile of the Group with centralised back-office functions
- × High cash conversion and rapid repayment of debt
- × Experienced management team



Editis Overview

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Company Organization

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Editis Overview

	Brands	Products	Selling & Distribution	Clients
Literature	<ul style="list-style-type: none"> * Robert Laffont * Presses-Solar-Belfond * Plon-Perrin * La Découverte * Presses de la Renaissance * Univers Poche 	<ul style="list-style-type: none"> • Format: <ul style="list-style-type: none"> - Hardback - Paperback • Main Segments: <ul style="list-style-type: none"> - General literature (fiction, non-fiction, novels and children's books) - Practical books 	<p><i>Services to in-house publishing brands and third-party publishers:</i></p> <ul style="list-style-type: none"> • Marketing & Sales: <ul style="list-style-type: none"> - Catalogue management - Customer negotiation - Merchandising - Billing • Distribution & Logistics: <ul style="list-style-type: none"> - Reception - Warehousing - Loading - Customer Service - Deliveries - Transport - Returns • Exports 	<ul style="list-style-type: none"> • 12,000 sales points in France covered by about 200 sales representatives • Main distribution channels: <ul style="list-style-type: none"> - 45% for large/main bookstores - 20% for hypermarkets and supermarkets - 11% for small bookstores • Export and international sales
Education & Reference	<ul style="list-style-type: none"> • Education: <ul style="list-style-type: none"> - Nathan - Retz - CLE International - Bordas - Hemma • Reference: <ul style="list-style-type: none"> - Le Robert - Le Robert & Collins 	<ul style="list-style-type: none"> × Main Segments: <ul style="list-style-type: none"> * Textbook and supplemental for K-12 market * Children's books * French language and bilingual dictionaries 		<p>Prescribers</p> <p>Education:</p> <ul style="list-style-type: none"> - Over 860,000 teachers

Back office support purchasing functions centralised across the different entities of the Group



2 Industry Review and Editis Position



Favourable Industry Dynamics

→ Attractive industry dynamics :

- × €2.5 billion of publishers' net sales in 2003
- × 413 million books sold in France in 2003 (more than 65,500 individual titles)
- × Highest European book consumption in Editis main markets: France, Benelux and Switzerland

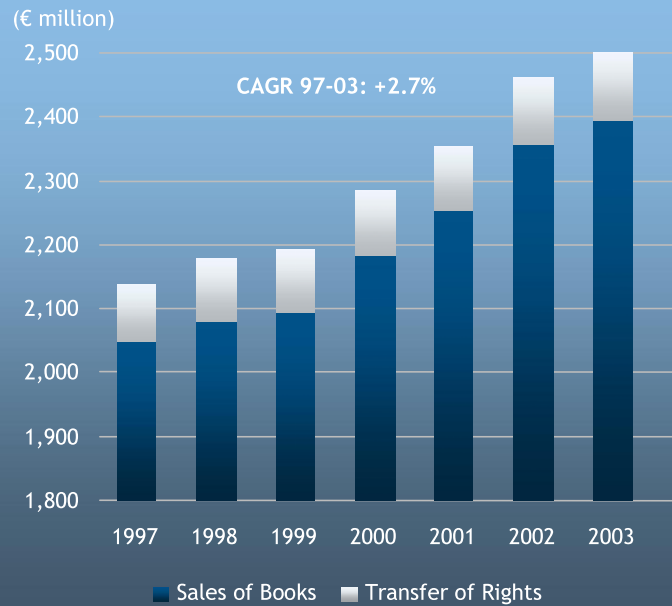
→ Market drivers:

- × Growing number of titles published and sales since 1990
- × “Lang Law” since 1981, allowing price stability and broad access to books
- × **Public funding** of textbooks, resulting in significant sales and earnings stability
- × Broad and dense sales point network in France



Favourable Market Dynamics

French Book Publishing Market Growth



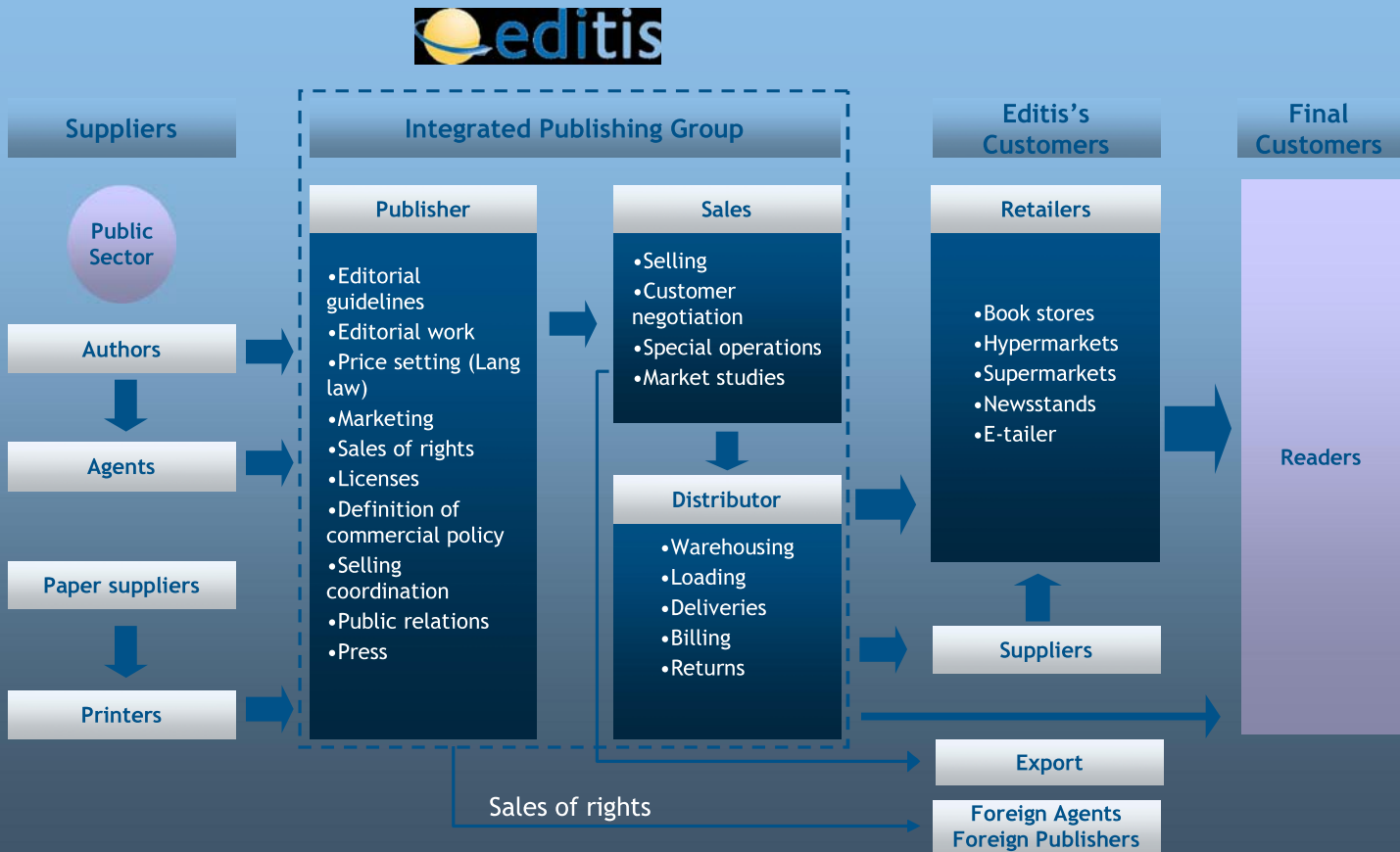
Editis addresses most segments, spreading business and market risks



Editis Position in the Book Chain

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Industry Review and Editis Position

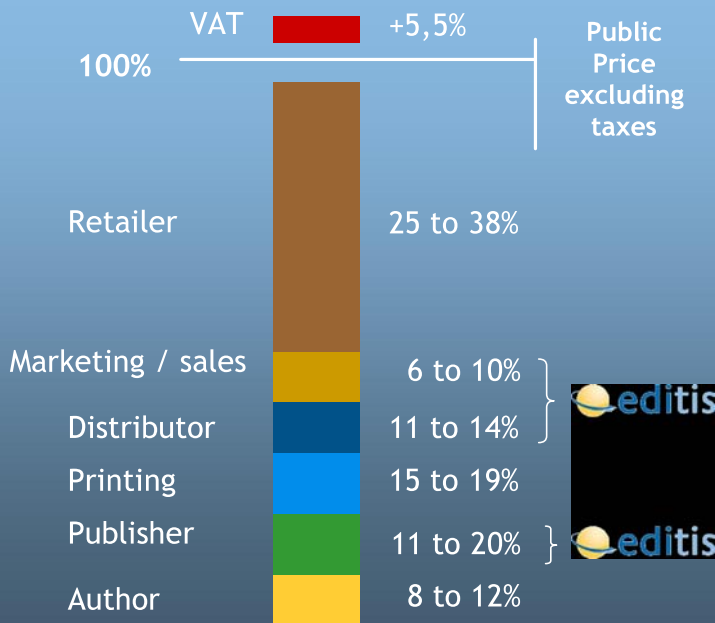


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Editis in the Book Value Chain in France

Average Book Price (base price expressed excluding taxes)



Regulatory Environment

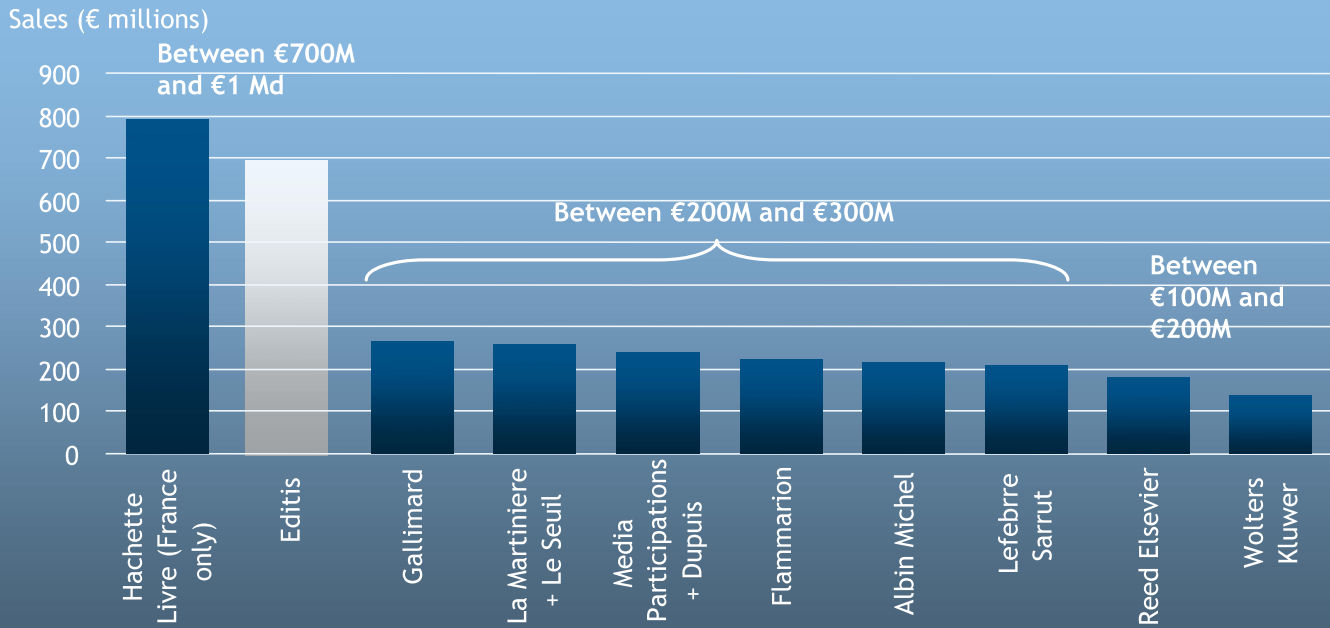
A regulated French market:

- Since 1981, book price is regulated by the “Lang Law” in order to provide broader access to books
- A single price is determined for every single book by the publisher or the importer
- Retailers are allowed to sell the book with a maximum 5% discount on the single price
- Selling to certain people such as pupils’ parents association implies:
 - No maximum discount for school books
 - Maximum 12% discount for all other books



Editis's Strong Market Position

Ranking of Main Book Publishers (2003 Sales in € millions)



Editis occupies a strong #2 market position



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Editis Divisional Review



Literature Review

- × Editis is #1 in the French Literature segment for fiction and current affairs hardbacks, and #2 for fiction and current affairs paperbacks
- × Literature publishing activity is a highly creative and profitable activity
 - × Relatively little investment but high profitability
- × Strong and diversified brands, publishing houses and author base (over 16,000 authors)
- × In 2003, 1,200 new titles were published and 8,500 titles in back-list



Risks are shared and balanced by the editorial variety and diversity of publishing houses within Editis

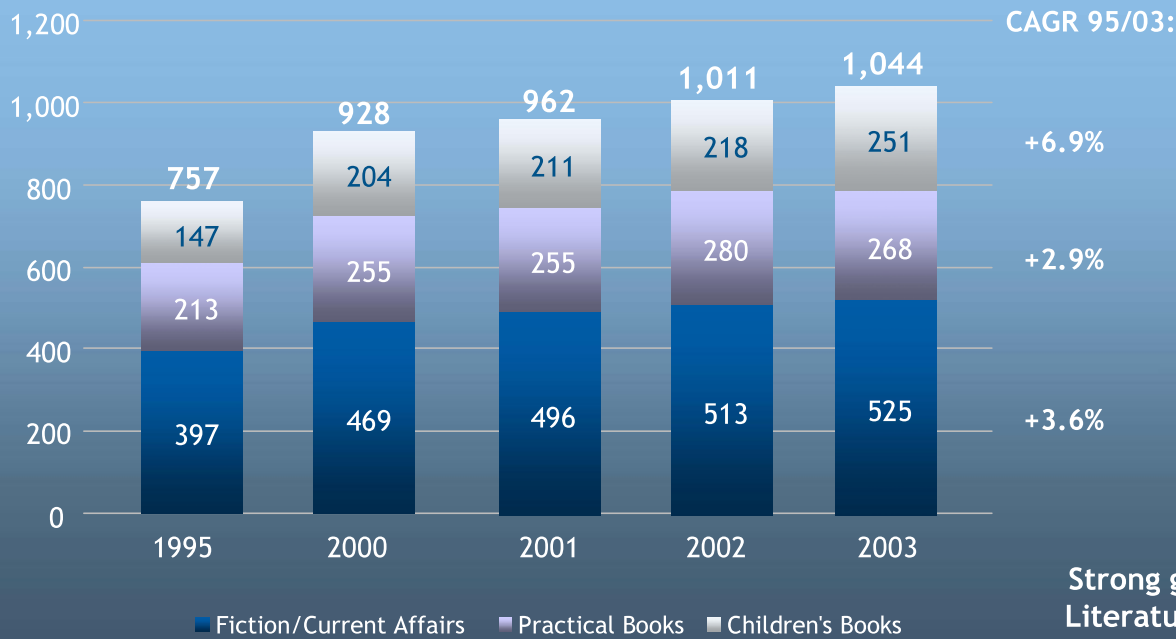


Literature Market Review

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Editis Divisional Review - LITERATURE

Sales by Segment (€ millions)



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Review

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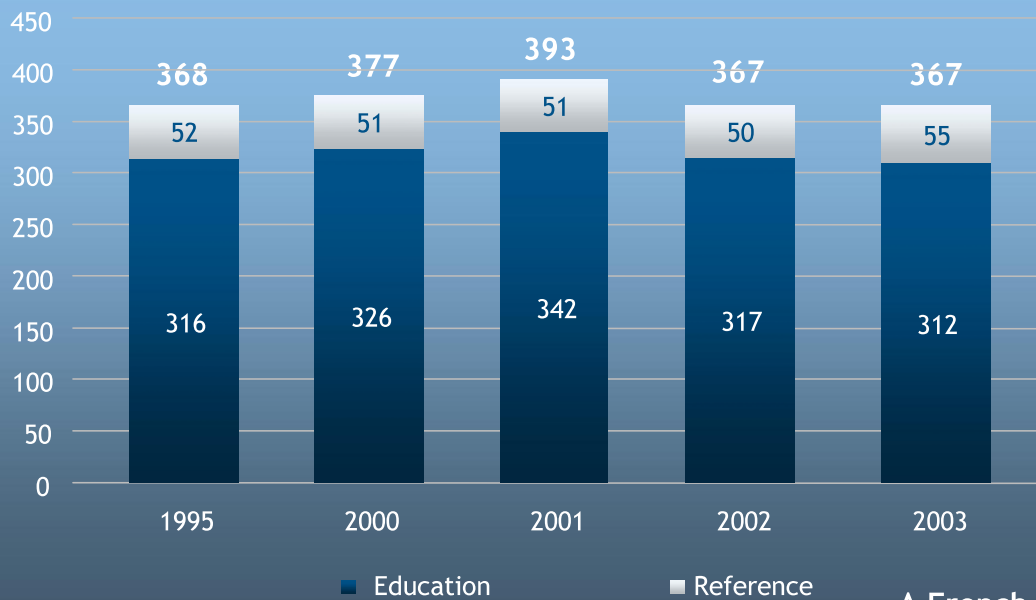


Education & Reference Market Review

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Editis Divisional Review - EDUCATION & REFERENCE

Sales by Segment (€ millions)



A French education market
overall stable year over year

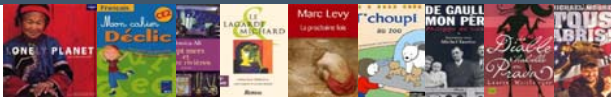
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Review

- One of the leading book sales and distribution networks in the French market
- A strong distribution network (12,000 sales points in France)
- 126 million of books handled in 2003 (c. 107 million books sold and 19 million returned)
- Significant growth opportunities for Interforum
 - × Historical trend of movements of external editors switching to different platforms
 - × Several external publishers are likely to be willing to switch providers in the coming years
 - × Interforum provides a highly attractive distribution platform for third party publishers, including XO Editions and Michel Lafon:
 - High degree of automization of the platform
 - Service extended to sales and distribution
 - Widespread network coverage



→ Interforum:

- × Concentrates most of Editis book selling and distribution activities
- × Is comprised of 3 sites:
 - Malesherbes (France), #1 integrated logistics site in France
 - Wavre (Belgium)
 - Méru (France), dedicated to education material

→ State-of-the-art

- × IT tools (customer database, electronic order process at sales outlets, statistics tools)
- × Logistics platforms and warehouses

→ Maintenance Capex only, following prior significant investments



4 Financial Review



Historical Financial Performance

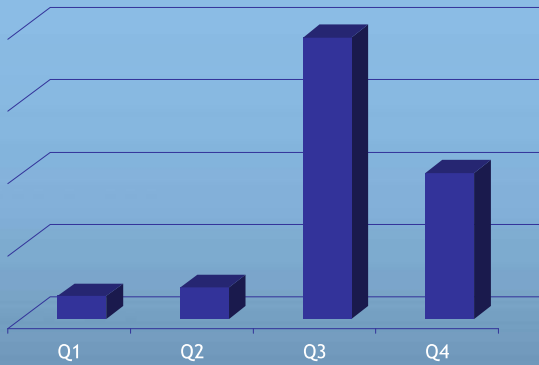
<i>(€ millions)</i>				LTM	
Year ended December 31	FY 2002	FY 2003	30-Jun-04	02-03 Growth	
Net Revenues	693	696	714	0.6%	
Reported Operating Margin	52	55	63	4.9%	
% Margin	7.5%	7.8%	8.8%		
Reported EBITDA	80	85	94	6.8%	
% Margin	11.5%	12.2%	13.1%		
Pro Forma EBITDA	na	na	96	nm	
% Margin	na	na	13.5%		
Capex	(29)	(31)	(31)		
% Sales	(4.1%)	(4.4%)	(4.3%)		



Seasonality

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Operating Margin Seasonality



Commentary

- 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 made during the back-to-school period in September

Working Capital Seasonality (FY2003)



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Operating Cash Flow

(€ millions)

Year ended December 31	FY 2002	FY 2003
Reported EBITDA	80	85
Change in working capital	19	11
Editorial capex	(23)	(23)
Other capex	(5)	(7)
Restructuring costs and other	(4)	1
Cash Flow	66	66
% of EBITDA	83.1%	78.2%

Strong cash conversion, resulting from stable operating margins and moderate capex



A Conservative Financing Structure

LTM PF 30-Jun

Pro forma EBITDA	96,1
Pro forma Adjusted Net Debt	414,8
PF Adjusted Net Senior Debt / PF EBITDA	2.7x
PF Adjusted Net Debt / PF EBITDA	4.3x
PF EBITDA / PF Net Cash Interest Expense	3.3x

Conservative credit ratios, with strong commitment to rapid de-leveraging



5 Strategy



Company Strategy

→ Our strategy:

- × Expand Editis's businesses
- × De-leverage Editis's financial structure



Editis will focus on improvements in operational performance in order to enhance its cash generation profile



Company Strategy

→ How?

1 - Focus on Internal Growth: Editorial Development

- ✕ Lonely Planet
- ✕ Fitway publishing

2 - Develop Interforum through additional third-parties publishers and overcompensate former Editis's publishers departure (Larousse, Dalloz, Dunod, Armand Colin)

- ✕ 6 new comers in the last four months



Company Strategy

→ How?

3 - Consistent focus on Cost Reduction and Productivity Improvement

- ✕ Ongoing reorganization of Editis's sites
- ✕ Miniload

4 - Take opportunities of attractive acquisitions



Company Strategy

Our goal:

→ Compensate Larousse, Dalloz, Dunod and Armand Colin departure from Interforum

→ Reconquer a leadership position

⇒ a “one billion euro company” ??

