

# pagesjaunes



## **Presentation**

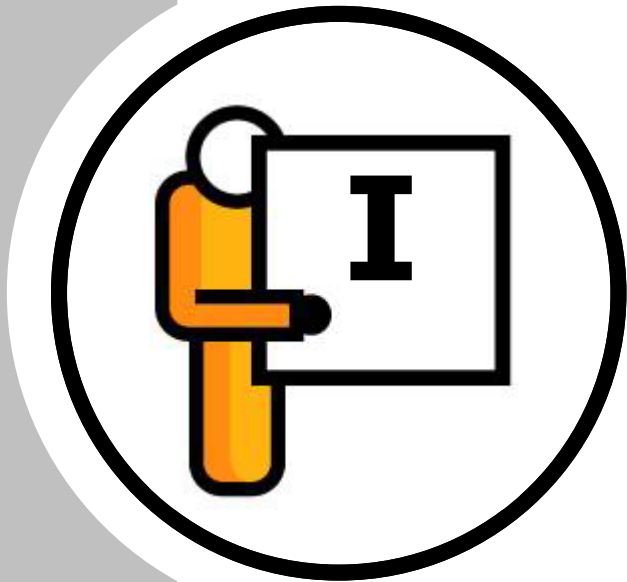
October 11, 2004



# NOTICE

- This document contains forward-looking statements. Although PagesJaunes believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among other things: the effect of competition; PagesJaunes usage level; the success of PagesJaunes domestic and international investments. The forward-looking statements contained in this document speak only as of the date of this document and PagesJaunes does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.
- This presentation is not an offer to sell securities or the solicitation of an offer to buy securities, nor shall there be any offer or sale of securities in any jurisdiction in which such offer or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.
- Unless otherwise stated in this presentation, all the accounting figures are presented on a pro forma consolidated basis (i.e., including PagesJaunes S.A., Kompass France, QDQ Media, Mappy S.A., Wanadoo Data and Eurodirectory S.A.); QDQ Media and Mappy S.A. are consolidated as from their dates of consolidation by France Telecom and the pro forma financial statements reflect the cash acquisition prices of these entities.

# pagesjaunes



## Presentation



# PagesJaunes snapshot\*

## PagesJaunes in France

(92% of 2003 revenues)

## International & Subsidiaries

(8% of 2003 revenues)

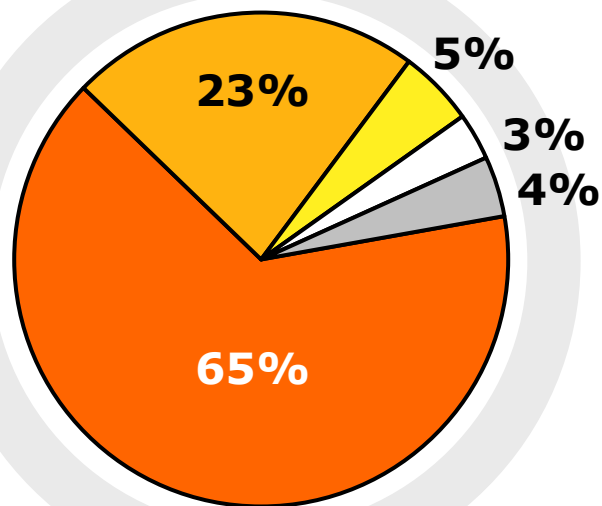
Printed directories



Online directories



Other activities



QDQ Media

Other

- 2003 Revenue: €917m
- 2003 EBITDA\*\* : €334m
- Focused on core product and core geography
- Number 1 in domestic directories with 93% market share

\* Consolidated activities; non-consolidated subsidiaries include: Kompass Belgium, PagesJaunes Liban and PagesJaunes Outre-Mer

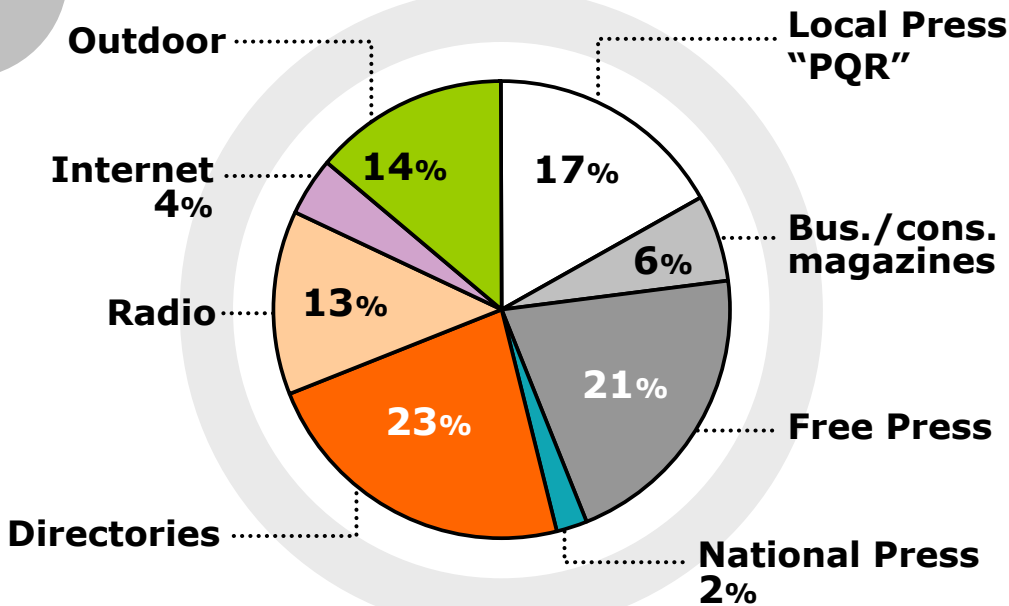
\*\* Earnings before Interest, Taxes, Depreciation and Amortisation



# A clear leader in its domestic market

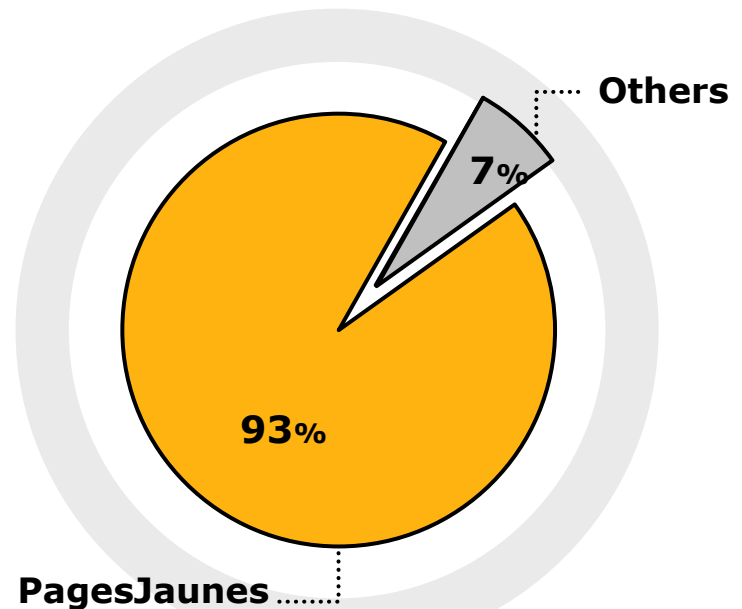
- ~**21%** market share of the broader local advertising market
- **Number 1** in directories with **93%** market share
- Fragmented competition

## Leading Media in Local Advertising Market



**Total Market:  
€3.8 Bn in 2003**

## Leader in Directories



**Total Segment:  
€850m in 2003**

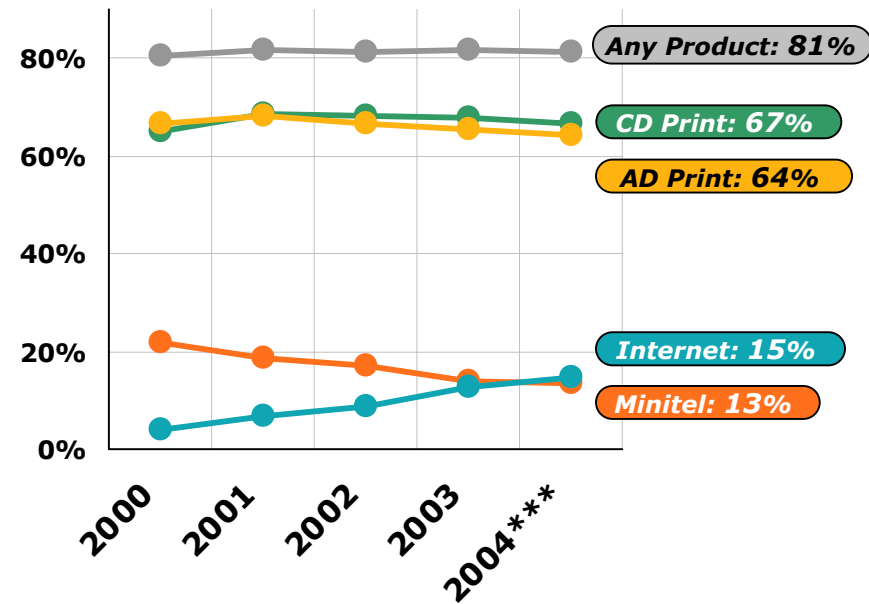


# Widely established brand and usage

- **Highly recognized brand** with **99%** recognition rate for PagesJaunes\*
- Perceived as the **reference source** of information for searching a provider
- More than **80% of the French population** used the PagesJaunes' services
- Stable overall usage with **strong Internet take-up**

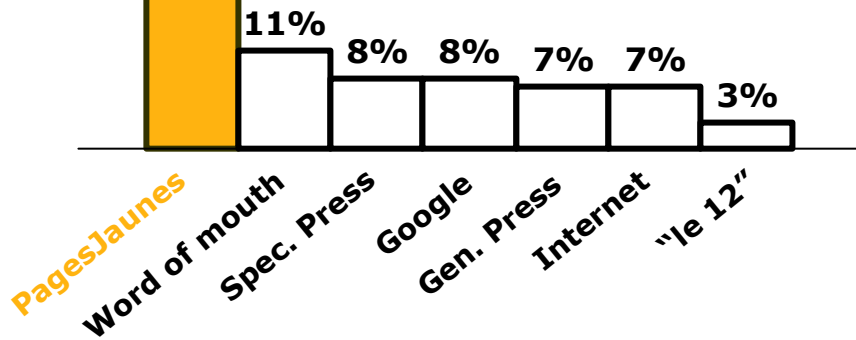
## Diversified Multi-platform Audience

Usage Rate (% of French Population) \*\*



47%

*When you need to look for a provider, a product or a service, what are the different sources you would turn to?\**



\* Source: CSA, September 2003

\*\* Source: ISL-Credoc, December 2003; usage defined as use of service at least once over the past 12 months

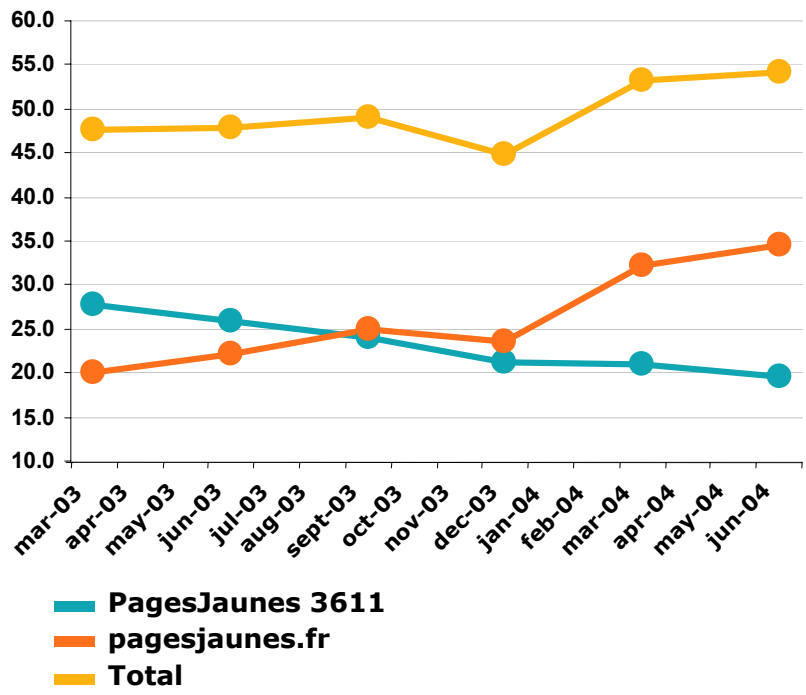
\*\*\* Source: ISL-Credoc, March 2004 - Rolling 12 months



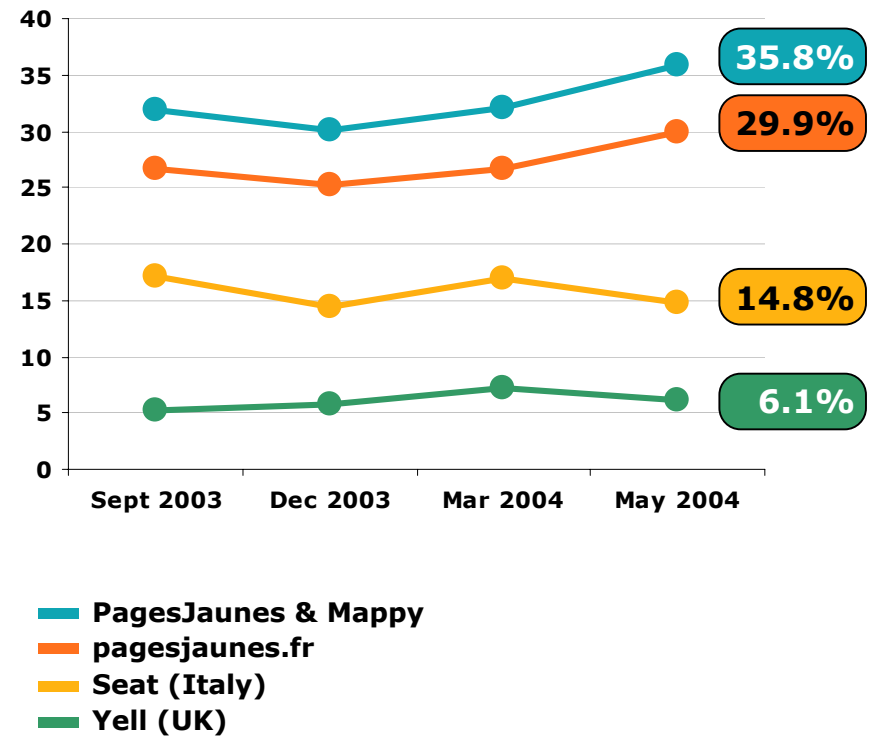
# Strong Internet take up

- **286,539 Internet advertisers** at the end of June 2004, **up 14%** compared to June 2003
- **Pagesjaunes.fr: 1<sup>st</sup> most-visited website by executives in France\***

## PagesJaunes online audience\*\* (in millions of visits)



## Reach rate\*\*\* of other European comparable websites (in %)



\* Source: IPSOS Media - "La France des Cadres Actifs - 2004"  
 \*\* Source: Cybermètrie - Médiatrie/e-stats for number of hits for pagesjaunes.fr. PagesJaunes statistics for 3611  
 \*\*\*Source: Nielsen - June 2004

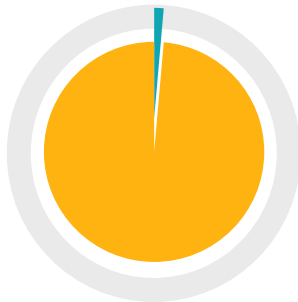


# Large and loyal customer base

- Large and diversified customer base of **561,180 advertisers in 2003**
- **19% increase** in number of new advertisers as of June 2004\*
- High customer loyalty with **85% average retention rate in 2003**

## Large and Diversified Customer Base

Top 20 customers=1.4% of 2003 Revenue\*\*\*

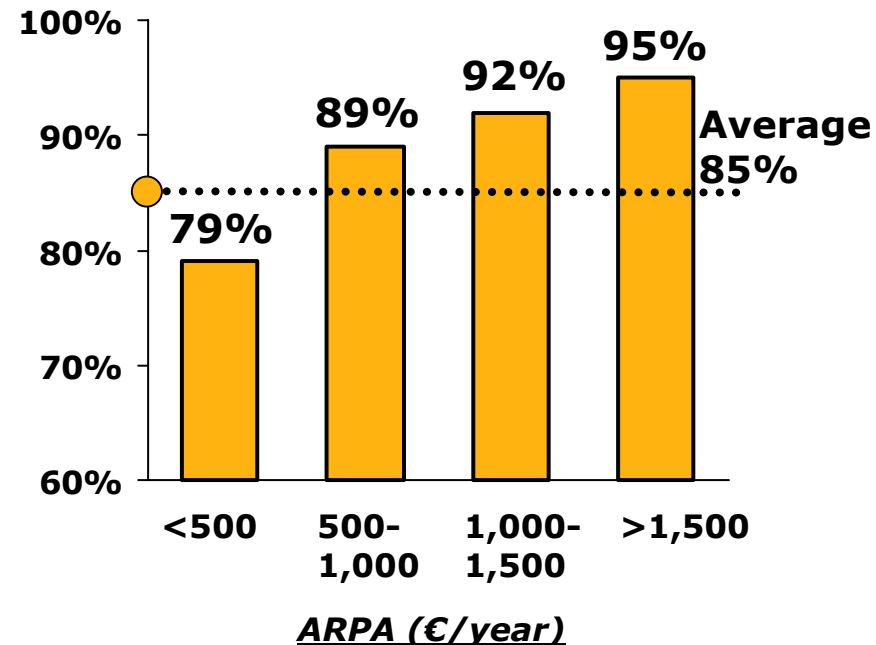


Top 10 categories\*\*=14.6% of 2003 Revenue\*\*\*



## Largest Customers are More Loyal

2003 Retention Rate



\* Gross number of new customers

\*\* Garages, real estate, hotels and hotels-restaurants, movers, restaurants, hairdressers, carpenters, electricians, plumbers, funeral services

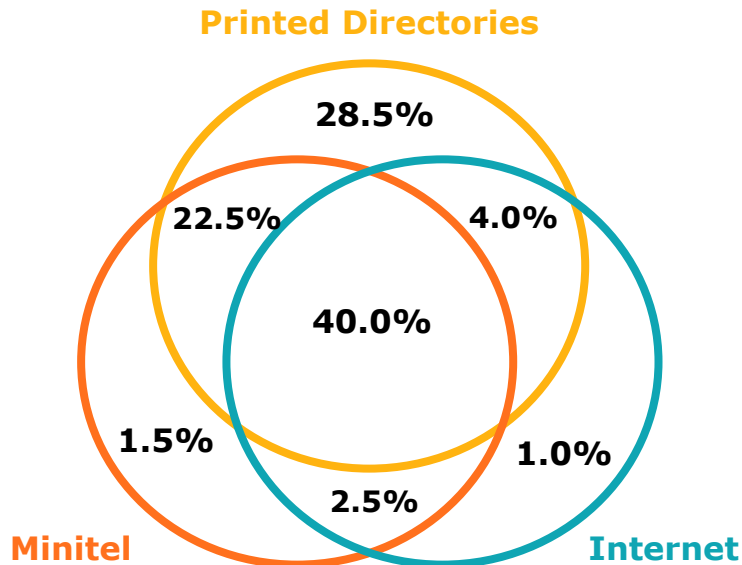
\*\*\* PagesJaunes in France revenue





# Balanced development of printed and online

## Effective Cross-selling



Total Number of Advertisers in 2003: 561,180

## Major Trends\*

- **Effective cross-selling, with online products adopted as complements to printed rather than substitutes**
- **40% of total advertisers on all platforms (printed, Internet and Minitel)**
  - ARPA typically 2x average
- **47.5% of total advertisers on Internet (from 37.1% in 2001)**
- **66.5% of total advertisers on both printed and online products (Internet and/or Minitel)**
- **No printed/online bundling**

**Positioned to capitalize on both online and printed growth**

# France: a favourable environment with scope for market development



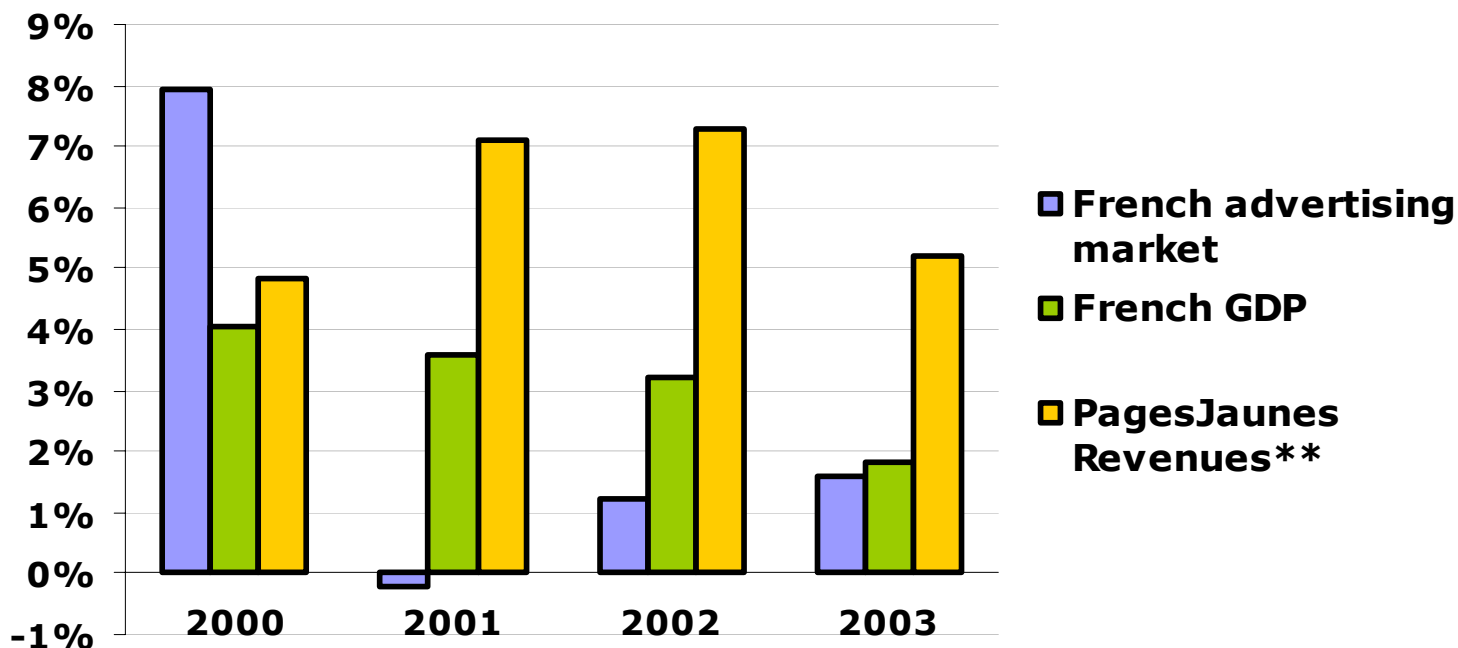
- **2.9 million** addressable market of SOHOs/SMEs\*
- Penetration rate of **19%**
  - Still largely under-penetrated categories of professionals (notably doctors, lawyers, etc.)
  - Room for penetration optimisation across regions
  - Directories advertising at 0.05% of GDP vs. 0.08% European average\*\*
- Benefits from early development of online directory usage via **Minitel since 1985**
- No price regulation

**Favourable environment  
with significant scope for growth**

# PagesJaunes over-performing the advertising market in France

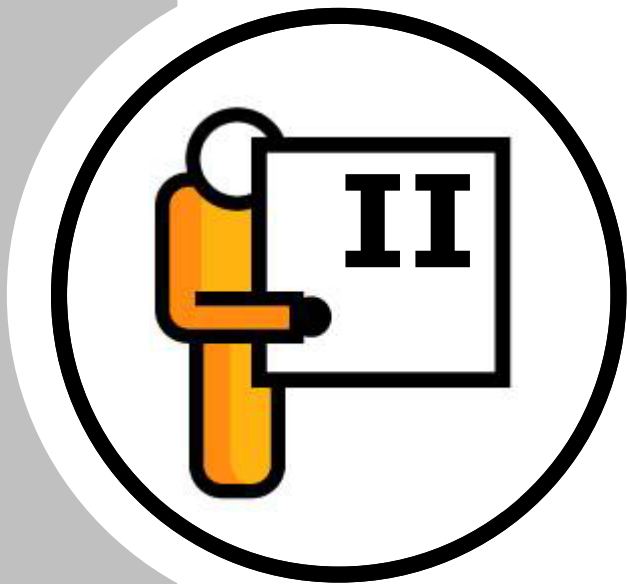


## PagesJaunes annual revenue growth versus French market\* (in percentage)



\* Source: France Pub, PagesJaunes

\*\* excluding Quidonc and sales of online access to databases

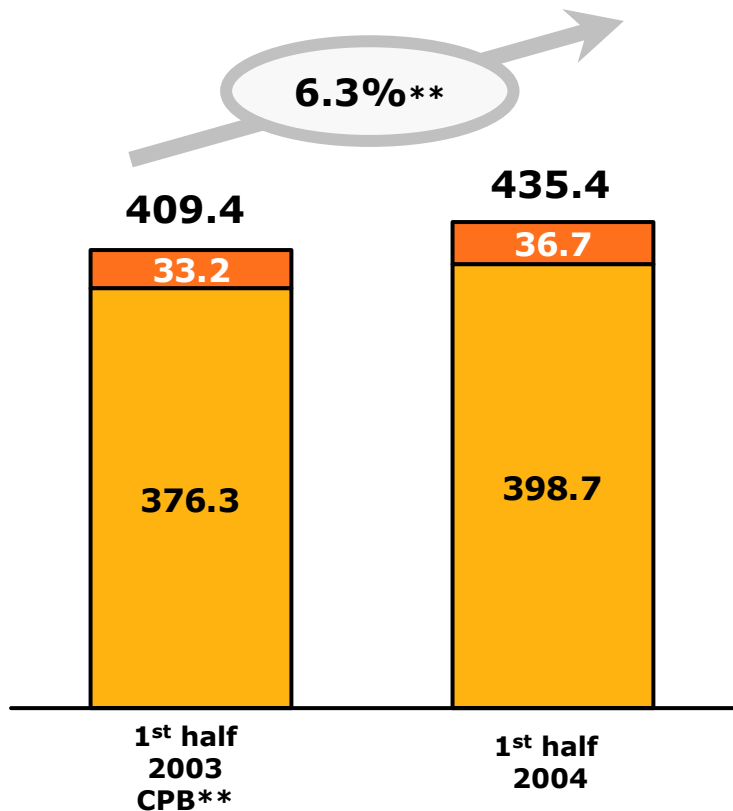


## Financial Results

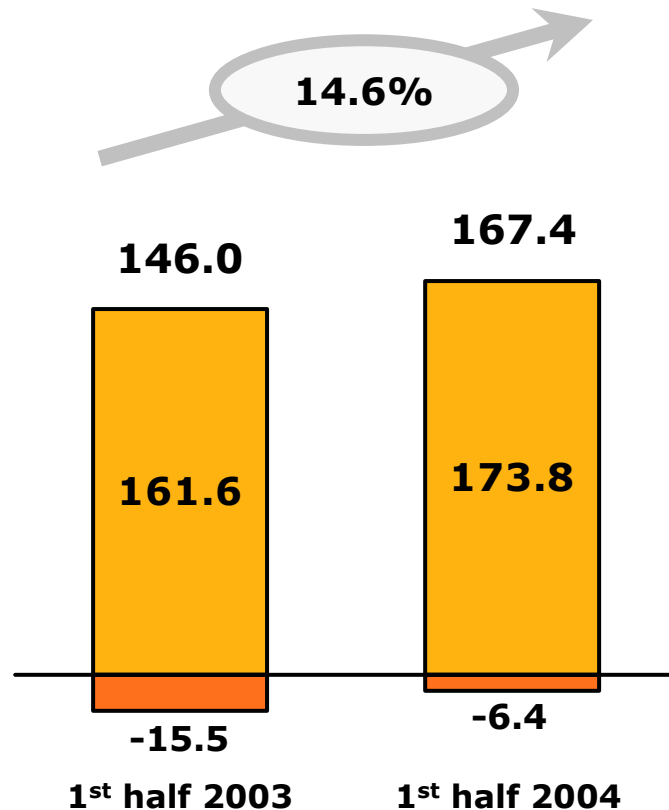


# Group Revenues and EBITDA\*\*\* up

## Revenues\* (in millions of euros)



## EBITDA\*\*\* (in millions of euros)

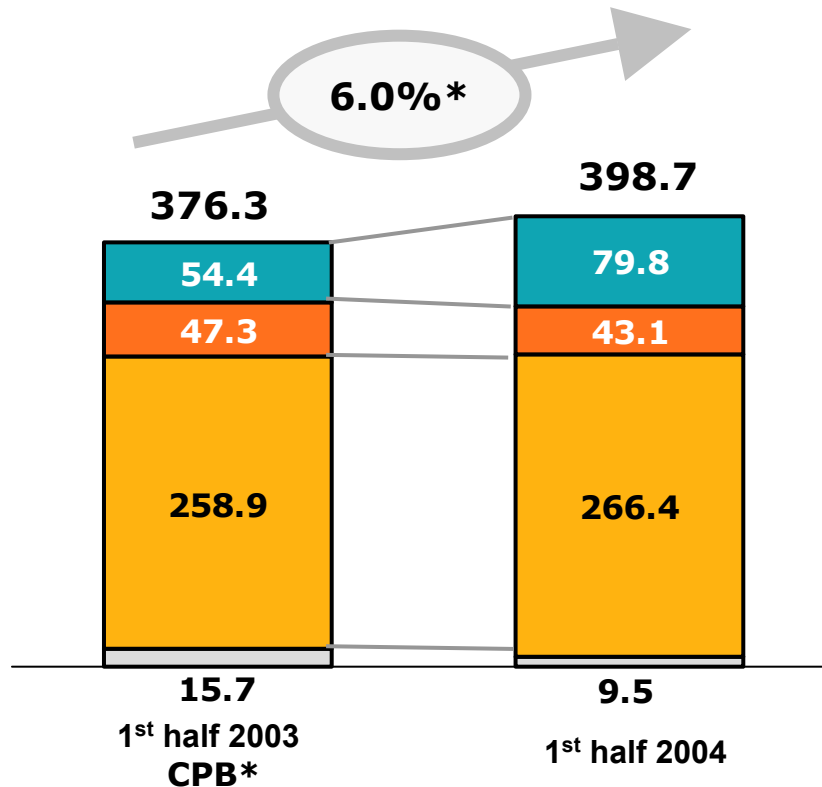


PagesJaunes in France

International & Subsidiaries

# Printed and online product revenues

## Revenues for PagesJaunes in France (in millions of euros)



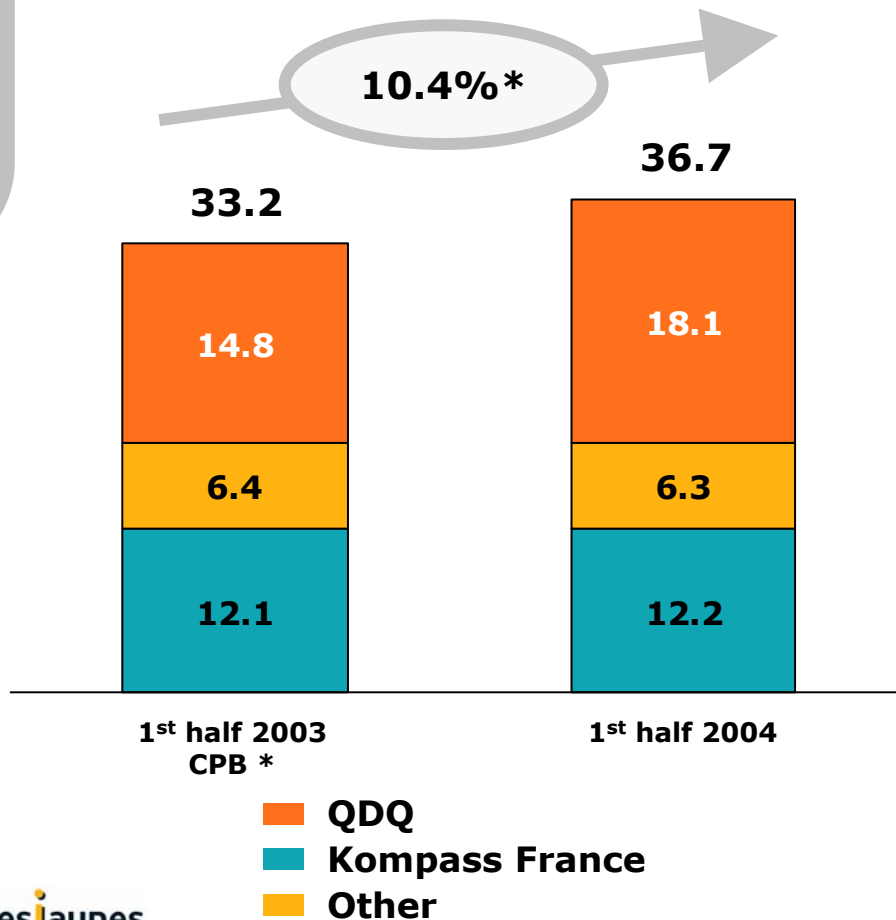
- **Printed directories: 2.9% increase in revenues on a comparable publication basis**
- **20.9% increase in revenues for online directories:**
  - 57% increase in revenues for pagesjaunes.fr as opposed to a limited drop of 8.9% for PagesJaunes 3611 (Minitel)
  - For a 1 euro decrease in revenues for Minitel, nearly a 6 euros increase in Internet revenues

■ Internet business\*\*\*     ■ Printed directories  
■ PagesJaunes 3611 (Minitel)     ■ Other business\*\*

\* On a comparable publication basis  
 \*\* Includes: QuiDonc, Europages, PagesPro and search access sales  
 \*\*\* Includes: pagesjaunes.fr and website design and hosting services

# Double digit growth of QDQ revenues

## Revenues for International & Subsidiaries (in millions of euros)



- **22.7% increase in revenues for QDQ on a comparable publication basis and 13.9% adjusted for credits for publication in 2003**
  - Attractiveness of new format and pagination
  - Growth of qdq.com (8% of QDQ Media revenues)
- **Revenues unchanged for Kompass France, Wanadoo Data and Mappy**

\* On a comparable publication basis

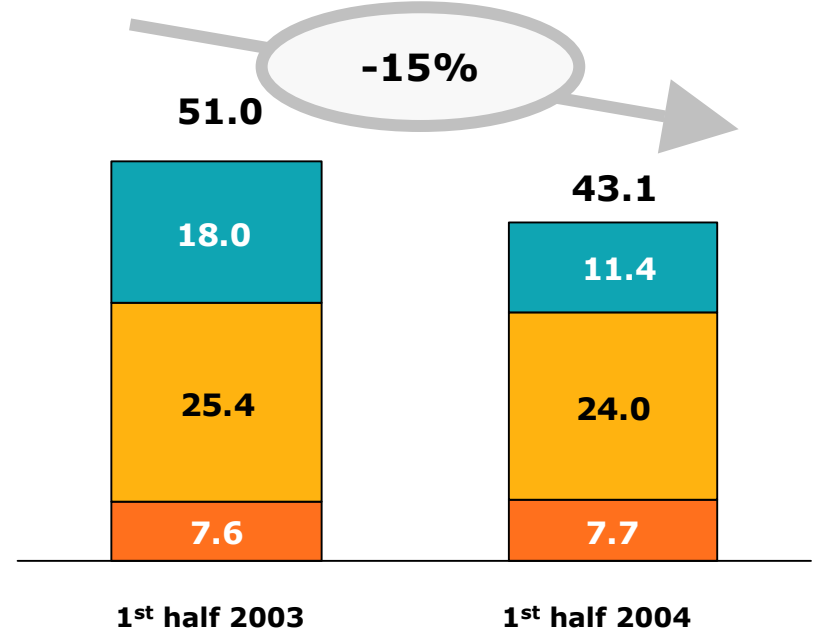
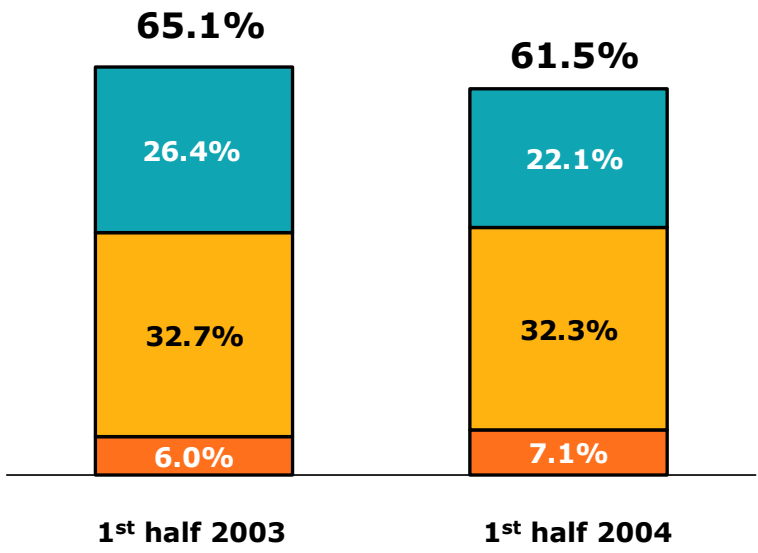


# Group Operational leverage

- 76% of the reported revenue increase was converted to EBITDA for the first half of 2004

## Change in OPEX (as a % of revenues)

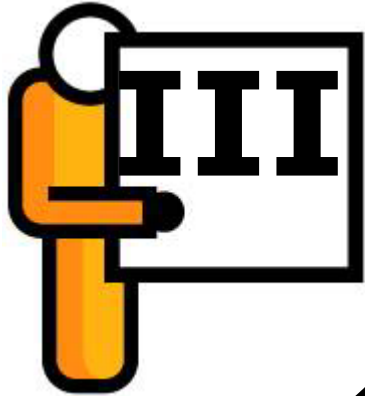
## OPEX for International & Subsidiaries (in millions of euros)



- Cost of services and products sold
- Commercial costs
- Admin./R&D



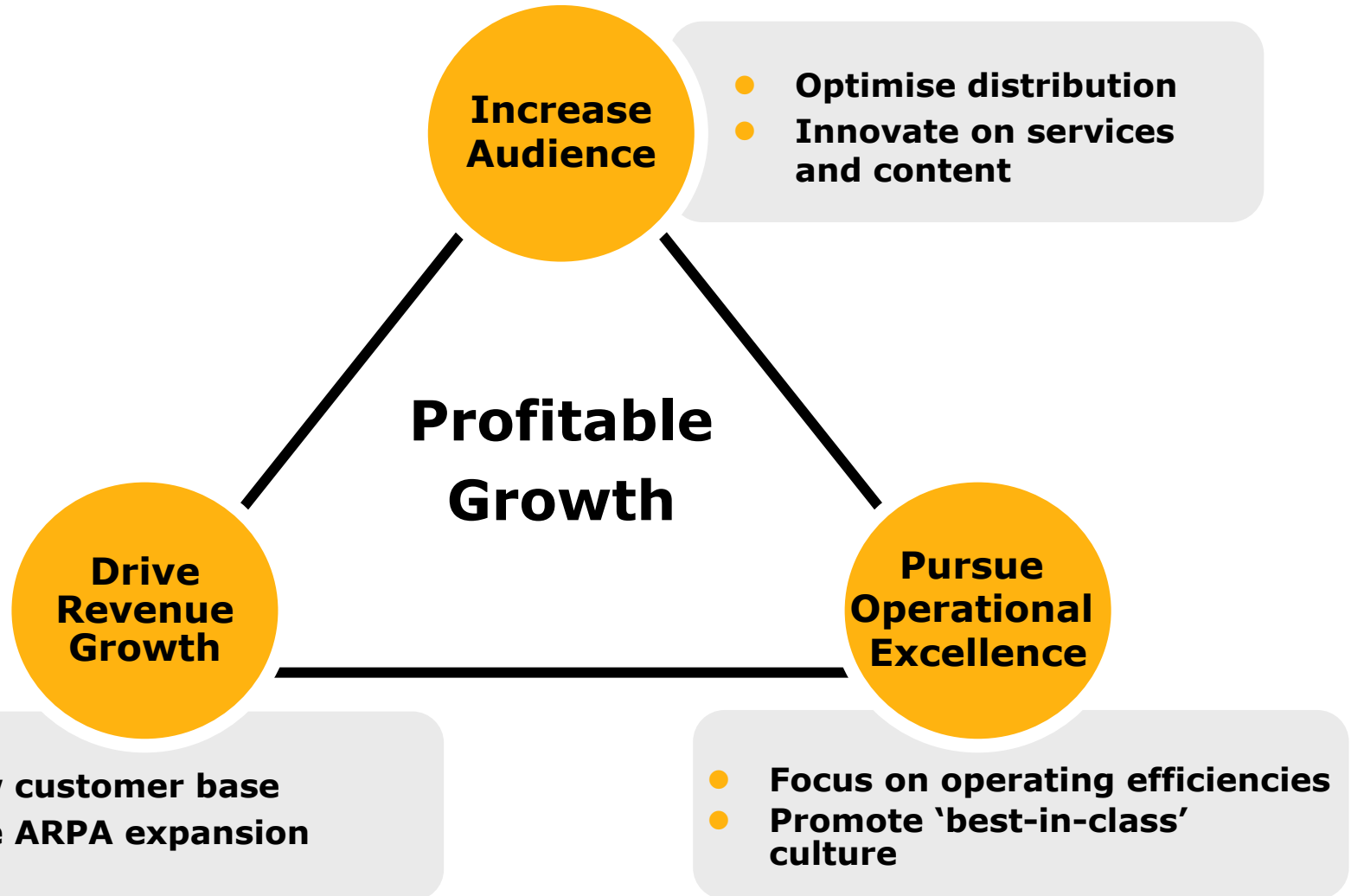
# pagesjaunes



**Strategy  
and outlook**



# Clear and focused strategy



# Review of objectives

## Objectives

- Average growth rate of revenues between 4% and 6% per year for 2004, 2005 and 2006
- EBITDA\* of 400 million euros in 2004 for the PagesJaunes in France segment
- QDQ Media EBITDA breakeven by the end of 2006
- Distribution to shareholders of the entirety of distributable profits\*\*

## Actual for 1<sup>st</sup> half 2004

- 6.3% increase in revenues on a comparable publication basis
- 2004 EBITDA\* of 173.8 million euros for PagesJaunes in France (including negative impact of publication basis and seasonal fluctuations)
- International and Subsidiaries segment losses cut in half
- Net income of 88.9 million euros (including 7.1 million euros in IPO-related costs)





# Outlook and new initiatives

## New initiatives

- **Launch of geolocalisation services via mobile phone**
  - via I-mode™ (2 July)
  - via Orange World (19 July)
- **Implementation of new payment methods on quidonc.fr**
  - SMS+ and Audiotel (24 June)
- **Launch of new city photos (Mappy)**
  - Target of 21 cities covered by the end of 2004
- **Extension of “local search” service on pagesjaunes.fr**
  - From 50 cities currently available to 600 cities by the end of 2004
- **Extension of website offer by the end of 2004**

## Outlook

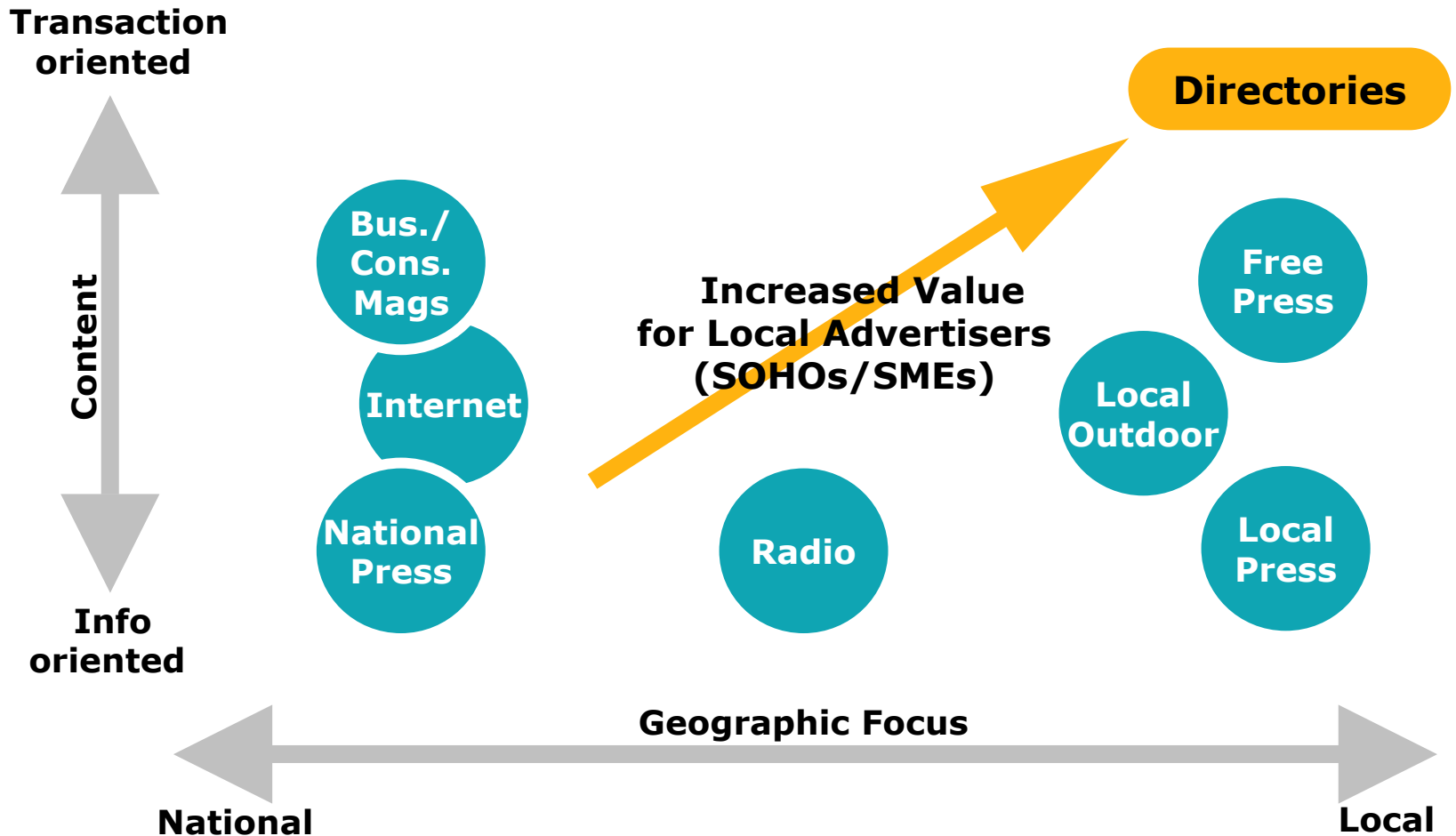
- **Target increase of 20% for number of new advertisers in 2004**
- **Invitations to apply for universal service**
  - Mobile numbers included in universal directory
- **Scheduled opening of Directory Assistance market**
  - Added-value DA opportunity

# pagesjaunes



**Appendices**

# Strongly positioned in local advertising market





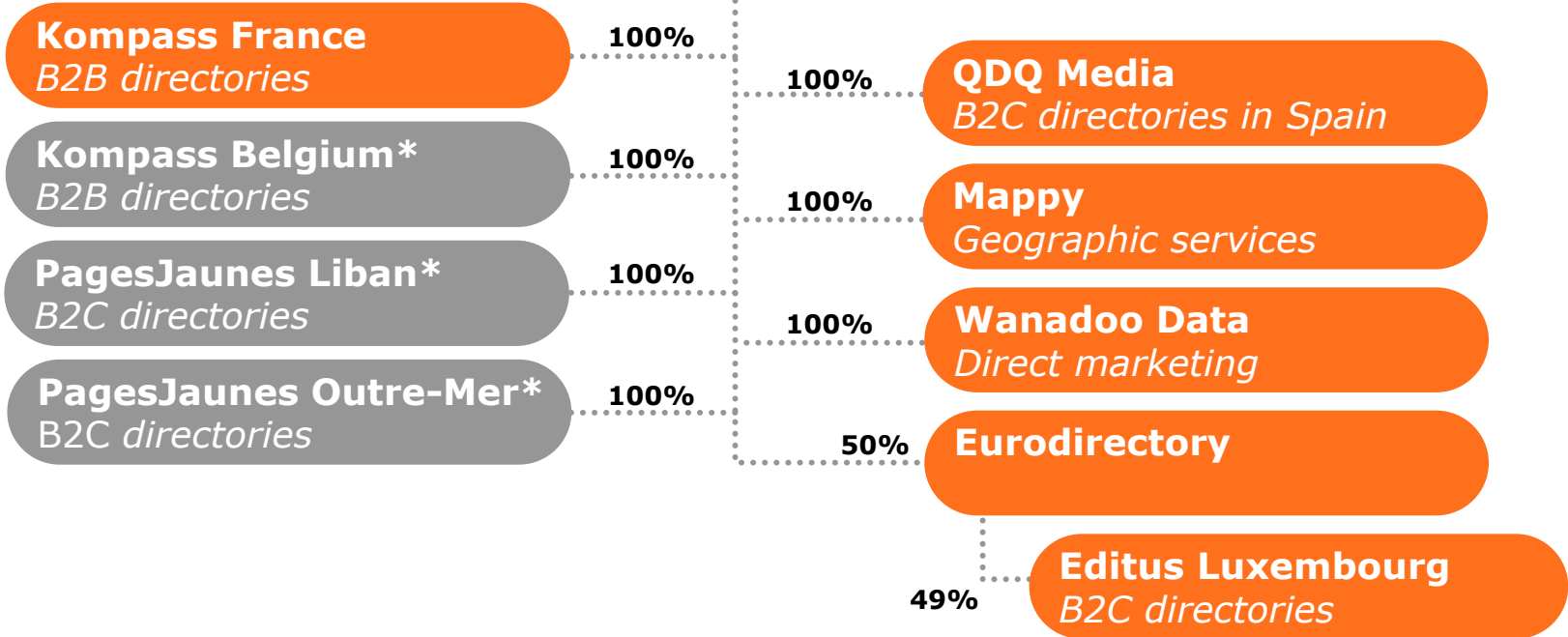
# A multi-platform offering





# Group structure

## PagesJaunes SA



- **Acquisition from Wanadoo in April 2004 of:**
  - QDQ Media for €107m
  - Wanadoo Maps for €10m
  - Kompass Belgium for €2m



# 2004 First-Half Pro Forma Results

## Consolidated P&L



*In millions of euros*

	<i>Periods ending on 30 June</i>		
	<b>2004</b>	<b>2003</b>	<b>2004/2003 change</b>
<b>PagesJaunes Group</b>			
<b>PagesJaunes in France</b>	<b>398.7</b>	<b>382.6</b>	<b>4.2%</b>
<b>International &amp; Subsidiaries</b>	<b>36.7</b>	<b>35.4</b>	<b>3.5%</b>
<b>Revenues</b>	<b>435.4</b>	<b>418.0</b>	<b>4.2%</b>
Cost of services and products sold	(96.1)	(110.2)	-12.7%
Commercial costs	(140.8)	(136.9)	2.9%
Administrative costs	(30.3)	(24.3)	24.2%
Research and development costs	(0.8)	(0.6)	31.9%
<b>EBITDA (Earnings before interest, tax, depreciation and amort.)</b>	<b>167.4</b>	<b>146.0</b>	<b>14.6%</b>
<i>As a % of revenues</i>	<i>38.4%</i>	<i>34.9%</i>	
Depreciation and amortisation (excluding goodwill)	(5.1)	(6.4)	-20.1%
<b>Operating Income</b>	<b>162.3</b>	<b>139.6</b>	<b>16.2%</b>
<i>As a % of revenues</i>	<i>37.3%</i>	<i>33.4%</i>	
Financial income, net	5.7	10.5	-46.2%
Other non-operating income (expenses), net	(4.4)	0.5	nm
Corporate income tax	(59.5)	(56.6)	5.2%
Employee profit-sharing	(12.8)	(10.1)	26.9%
Share in net income of companies accounted for using equity method	0.6	0.6	nm
<b>Income before goodwill amortisation and minority interest</b>	<b>91.8</b>	<b>84.5</b>	<b>8.6%</b>
Goodwill amortisation	(2.9)	(2.9)	-
Minority interest	-	-	-
<b>Consolidated net income of the Group</b>	<b>88.9</b>	<b>81.6</b>	<b>8.9%</b>

# 2004 First-Half Pro Forma Results PagesJaunes in France

*In millions of euros*

*Periods ending on 30 June*

<b>PagesJaunes in France</b>	<b>2004</b>	<b>2003</b>	<b>2004/2003 change</b>
<b>Printed directories</b>	<b>266.4</b>	<b>265.2</b>	<b>0.4%</b>
The PagesJaunes directory	215.3	214.1	0.6%
l'Annuaire	51.1	51.1	0.0%
<b>Online services</b>	<b>122.8</b>	<b>101.6</b>	<b>20.9%</b>
Internet	68.5	43.6	57.0%
Minitel	43.1	47.3	-8.9%
Websites	11.3	10.8	5.2%
<b>Other businesses</b>	<b>9.5</b>	<b>15.7</b>	<b>-39.7%</b>
QuiDonc	3.9	4.2	-8.5%
Other (y/c PagesPro, online access to databases, Europages)	5.6	11.5	-51.3%
<b>Revenues</b>	<b>398.7</b>	<b>382.6</b>	<b>4.2%</b>
Cost of services and products sold	(84.8)	(92.1)	-8.0%
Commercial costs	(116.8)	(111.5)	4.8%
Administrative costs	(22.6)	(16.8)	34.6%
Research and development costs	(0.8)	(0.6)	31.9%
<b>EBITDA (Earnings before interest, tax, depreciation and amort.)</b>	<b>173.8</b>	<b>161.6</b>	<b>7.6%</b>
As a % of revenues	43.6%	42.2%	
Depreciation and amortisation (excluding goodwill)	(3.2)	(4.3)	-23.6%
<b>Operating Income</b>	<b>170.5</b>	<b>157.3</b>	<b>8.4%</b>
As a % of revenues	42.8%	41.1%	

# 2004 First-Half Pro Forma Results

## International & Subsidiaries

*In millions of euros*

*Periods ending on 30 June*

International & Subsidiaries	Periods ending on 30 June		
	2004	2003	2004/2003 change
<b>QDQ Media</b>	<b>18.1</b>	<b>17.0</b>	<b>6.6%</b>
<b>Other subsidiaries</b>	<b>18.5</b>	<b>18.4</b>	<b>0.6%</b>
Kompass France	12.2	12.1	0.9%
Wanadoo Data	5.1	5.2	-1.2%
Mappy (ex-Wanadoo Maps)	1.2	1.2	4.6%
<b>Revenues</b>	<b>36.7</b>	<b>35.4</b>	<b>3.5%</b>
Cost of services and products sold	(11.4)	(18.0)	-36.8%
Commercial costs	(24.0)	(25.4)	-5.4%
Administrative costs	(7.7)	(7.6)	1.3%
Research and development costs	-	-	-
<b>EBITDA (Earnings before interest, tax, depreciation and amortisation)</b>	<b>(6.4)</b>	<b>(15.5)</b>	<b>-58.8%</b>
As a % of revenues	-17.4%	-43.8%	
Depreciation and amortisation (excluding goodwill)	(1.9)	(2.1)	-13.1%
<b>Operating Income</b>	<b>(8.3)</b>	<b>(17.7)</b>	<b>-53.3%</b>
As a % of revenues	-22.5%	-49.8%	



# 2004 First-Half Pro Forma Results

## Cash Flow Statement



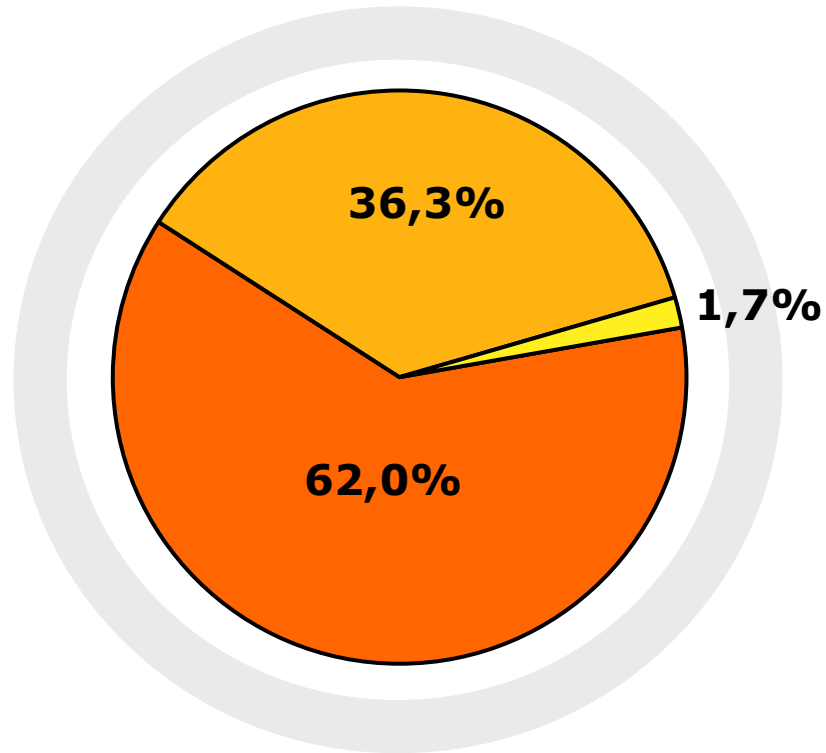
*In millions of euros*

	<i>Periods ending on 30 June</i>	
	<b>2004</b>	<b>2003</b>
<b>Net cash from operations</b>	<b>199.2</b>	<b>157.2</b>
<b>Cash used in investing activities</b>	<b>5.3</b>	<b>(16.4)</b>
<b>Cash used in financing activities</b>	<b>(195.5)</b>	<b>(258.2)</b>
Net increase (decrease) in cash and cash equivalents	9.0	(117.4)
Effect of changes in exchange rates on cash and cash equivalents	-	(0.3)
Cash and cash equivalents at the beginning of period	461.1	498.1
<b>Cash and cash equivalents at the end of period</b>	<b>470.0</b>	<b>380.4</b>



# Ownership

- France Telecom ●
- Public ●
- Employees ●



**278,789,610 outstanding shares**



# Glossary

**Publication basis:** the publication of printed directories for the first half of 2003 and the first half of 2004 are not comparable. In France, the directories for the Drôme and Loire regions, which were published during the second half of 2003 were published during the first half of 2004. Conversely, the directories for the Essonne and Haut Rhin regions, which are larger, were published during the first half of 2003 and will be published during the second half of 2004. In Spain, the directory for Barcelona, which was published during the first half of 2003, will be distributed during the second half of 2004.

**EBITDA:** Earnings before interest, tax, depreciation and amortisation

**Pro forma figures:** the consolidated pro forma figures reflect the consolidation of QDQ Media and Mappy effective the date they became part of France Télécom. The pro forma figures also reflect the transaction prices of QDQ Media and Mappy, which were applied to company cash assets at 117 million euros. These figures do not include income from certain company business activities that are not considered significant due to their size or area of business (PagesJaunes Outre-Mer, PagesJaunes Liban and Kompass Belgium).

**ARPA:** average revenue per advertiser; calculated by dividing the company advertising sales figure (not including QuiDonc and online access to databases) by the total number of advertisers.