



Sèvres, July 27, 2005

## PagesJaunes Groupe: targets confirmed for full-year 2005.

- **Pro forma <sup>(1)</sup> consolidated revenues in the first half of 2005: +9.5% (+6.9% on comparable publication basis <sup>(2)</sup>)**
- **Gross operating margin <sup>(3)</sup> in the first half of 2005: +24.4% (+14% on comparable publication basis <sup>(2)</sup> and excluding IPO costs in 2004)**
  - **PagesJaunes in France: +21.4% (+12% on comparable publication basis <sup>(2)</sup> and excluding IPO costs in 2004)**
  - **International & Subsidiaries: gross operating margin <sup>(3)</sup> close to breakeven**
- **Net income in the first half of 2005: +40.1% (+19% on comparable publication basis <sup>(2)</sup>, excluding IPO costs in 2004 and excluding impact of 2004 corporation tax adjustment)**

Pro forma <sup>(1)</sup> consolidated revenues of PagesJaunes Groupe totalled €481.7 million in the first half of 2005, a rise of 9.5% compared to the first half of 2004. On a comparable publication basis <sup>(2)</sup>, the growth in pro forma <sup>(1)</sup> revenues over the same period was 6.9%.

The pro forma <sup>(1)</sup> consolidated gross operating margin <sup>(3)</sup> increased by 24.4% to €203.5 million in the first half of 2005 and by 14% on a comparable publication basis <sup>(2)</sup>, excluding the IPO costs recorded in the first half of 2004. Pro forma <sup>(1)</sup> operating income advanced 29.0% to €180.0 million in the first half of 2005.

Pro forma <sup>(1)</sup> consolidated net attributable income totalled €120.1 million in the first half of 2005, compared to €85.7 million in the first half of 2004. That represents a rise of 40.1%, or 19% on a comparable publication basis <sup>(2)</sup>, after adjustment for IPO costs in 2004 and excluding the impact of the 2004 corporation tax adjustment.

Press Release



**On the publication of the half-year results of PagesJaunes Groupe, Michel Datchary, Chief Executive Officer, said:**

"The growth achieved by PagesJaunes Groupe in pro forma revenues and gross operating margin in the first half of 2005, on a comparable publication basis, was at the upper end of the target range for full-year 2005. The sales growth in France resulted in a further increase in profitability. Outside France, the gross operating margin came close to breakeven. The Group is confirming its targets for full-year 2005: growth of 5-7% in pro forma revenues and growth in excess of 10% in gross operating margin, excluding the effect of the investments necessary to launch the directory enquiry services."

**PagesJaunes in France segment: continued growth in revenues and earnings**

**Revenues: growth of 7.0% on a comparable publication basis <sup>(2)</sup>**

The revenues of the PagesJaunes in France segment advanced 10.2% to €437.9 million in the first half of 2005. On a comparable publication basis <sup>(2)</sup>, the growth in revenues was 7.0% over the same period.

As at June 30, 2005, PagesJaunes recorded an 18.8% increase in the number of new advertisers in France compared to the same date in 2004, while maintaining a high retention rate among its existing customers.

**Printed directories: growth of the PagesJaunes directory**

Revenues from printed directories on a comparable publication basis <sup>(2)</sup> advanced 2.8% to €285.9 million in the first half of 2005. This growth was driven by the PagesJaunes directory, where revenues advanced 3.3% to €231.8 million in the first half of 2005. The Annuaire recorded growth of 0.7% to €54.2 million.

**Online services: continued growth in Internet services**

Revenues from online services advanced 14.6% to €140.7 million in the first half of 2005. This growth resulted mainly from the increase in Internet revenues (pagesjaunes.fr and internet sites), which grew 38.5% to €110.5 million over the period, more than offsetting the sharp decline in Minitel, where revenues fell 29.8% to €30.2 million.

The number of advertisers on pagesjaunes.fr increased by 13% in one year to 328,740 at the end of June 2005. The average number of monthly visits to pagesjaunes.fr increased from 34.6 million in June 2004 to 47.7 million in June 2005 <sup>(4)</sup>, a rise of 38%. The monthly reach rate of pagesjaunes.fr stood at 36.5% in June 2005 <sup>(5)</sup>. Pagesjaunes.fr climbed one place in June 2005 and now occupies the sixth position in the ranking of the most frequently visited Internet sites in France <sup>(5)</sup>.



### **Earnings: rise of 12% in gross operating margin <sup>(3)</sup> on a comparable publication basis <sup>(2)</sup> and excluding IPO costs in 2004**

The pro forma <sup>(1)</sup> gross operating margin <sup>(3)</sup> of the PagesJaunes in France segment increased by 21.4% to €204.0 million in the first half of 2005. The growth in the gross operating margin <sup>(3)</sup> amounted to 12%, after adjustment to take account of timing differences in the publication of printed directories and the IPO costs recorded in the first half of 2004.

The growth in the gross operating margin <sup>(3)</sup> on a comparable publication basis <sup>(2)</sup> in the first half of 2005 came from sales growth (+7.0% on a comparable publication basis <sup>(2)</sup>) and from control of external purchases, which fell 4.1%. The gross operating margin <sup>(3)</sup> of PagesJaunes in France benefited from a shift of communication expenses from the first to the second half of 2005, ahead of the launch of the PagesJaunes 118 008 directory enquiry service in November 2005. These positive factors largely offset the effect of the sales force expansion programme, which resulted in a rise of 8.8% in commissions, wages and social charges of PagesJaunes in France. The sales force of PagesJaunes in France increased to 1,828 salespersons as at the end of June 2005 (+164 compared to the end of June 2004).

### **International & Subsidiaries segment: gross operating margin <sup>(3)</sup> close to breakeven with 2004 losses cut to almost one-tenth**

#### **Pro forma <sup>(1)</sup> revenues : growth of 6.7% on a comparable publication basis <sup>(2)</sup>**

Pro forma <sup>(1)</sup> revenues of the International & Subsidiaries segment amounted to €45.3 million in the first half of 2005, a rise of 3.9% compared to the first half of 2004. The newly consolidated companies (Editus Luxembourg, Kompass Belgium and e-sama) contributed total revenues of €6.6 million in the first half of 2004.

On a comparable publication basis <sup>(2)</sup>, the growth in pro forma <sup>(1)</sup> revenues of the International & Subsidiaries segment was 6.7% in the first half of 2005. The pro forma <sup>(1)</sup> revenues from the B to C directories (QDQ Media, Editus Luxembourg) advanced 11.8% to €19.7 million in the first half of 2005. The revenues of the Kompass businesses increased by 4.3% to €14.2 million, while those of the relationship marketing and geographic services increased by 1.4% to €11.4 million.

Pro forma <sup>(1)</sup> revenues of QDQ Media advanced 12.4% to €19.1 million on a comparable publication basis <sup>(2)</sup> in the first half of 2005. QDQ Media achieved a high level of revenue growth in online services (qdq.com), up by 84.7% to €2.7 million, whereas the growth in revenues from printed directories amounted to 4%. The proportion of revenues accounted for by online activities was 14% in the first half of 2005, compared to 8.6% in the first half of 2004.



### **Earnings: halving of negative gross operating margin <sup>(3)</sup> of QDQ Media**

The International and Subsidiaries segment achieved a sharp reduction in its negative pro forma <sup>(1)</sup> gross operating margin <sup>(3)</sup> from -€4.5 million in the first half of 2004 to -€0.5 million in the first half of 2005.

The substantial improvement in the pro forma <sup>(1)</sup> gross operating margin <sup>(3)</sup> was due to the increase in revenues, the reduction in bad debts and the positive effects of the restructuring of QDQ Media. The gross operating margin <sup>(3)</sup> of QDQ Media amounted to -€2.8 million in the first half of 2005, compared to -€6.8 million one year earlier.

### **Recent events**

In line with the intentions stated at the time of the IPO, PagesJaunes Groupe has completed the acquisition of Edicom from France Télécom. Edicom is the leading publisher of directories in Morocco and generated revenues of €4.0 million in 2004. Edicom will be consolidated from July 1, 2005.

In accordance with the resolution adopted by the shareholders in general meeting held on 12 April 2005, the Board of Directors of PagesJaunes Groupe has decided to allocate 3,796,800 PagesJaunes Groupe stock options, i.e. 1,36% of capital, with an exercise price of EUR 19.30 euros, to the group's employees.

### **Financial targets**

PagesJaunes Groupe confirms its financial targets:

- Consolidated revenue growth of 5-7% in 2005,
- Growth of consolidated gross operating margin <sup>(3)</sup> in excess of 10% excluding directory enquiry services in 2005,
- Gross operating margin <sup>(3)</sup> of QDQ Media at breakeven by the end of 2006,
- Maintained target of distributing entire net income from the Group's operating activities in respect of full-year 2005.

It should be noted that the dividend distribution target in no way constitutes a commitment on the part of PagesJaunes Groupe. Future dividends will depend on the Group's results, its financial situation and any other factor which the Board of Directors and the shareholders of PagesJaunes Groupe deem relevant.



## About PagesJaunes Groupe

PagesJaunes Groupe, a subsidiary of France Télécom, is France's leading publisher of printed directories (the PagesJaunes directory and the Annuaire) and online directories (pagesjaunes.fr, PagesJaunes 3611) for the general public, handling their distribution and the sale of advertising space. The businesses of PagesJaunes Groupe also include website creation and hosting, the publication of the PagesPro BtoB directories, the publication of the QuiDonc reverse directory and the advertising representation in France for the Europages European BtoB directory.

PagesJaunes Groupe also publishes directories for the general public outside France – in Spain, Lebanon and Luxembourg – and the Kompass directories (company databases) in France, Spain, Belgium and Luxembourg. It also provides complementary services such as the geographic services of Mappy and, in the field of relationship marketing, the sale of data files and the processing of marketing databases by Wanadoo Data.

With more than 580,000 advertisers in 2004, PagesJaunes Groupe is the second largest French company in terms of advertising revenue.

Information on PagesJaunes Groupe is available at <http://www.pagesjaunesgroupe.com>

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## Appendices:

**Table 1: Pro forma <sup>(1)</sup> IFRS consolidated revenues of PagesJaunes Groupe in the first half of 2005**

In € millions	2nd quarter			1st half		
	2005	2004 pro forma <sup>(1)</sup>	Change	2005	2004 pro forma <sup>(1)</sup>	Change
<b>PagesJaunes in France</b>	<b>260.3</b>	<b>232.5</b>	<b>12.0%</b>	<b>437.9</b>	<b>397.3</b>	<b>10.2%</b>
<i>On comparable publication basis <sup>(2)</sup></i>	260.3	244.3	6.6%	437.9	409.2	7.0%
<b>Printed directories</b>	<b>182.2</b>	<b>166.1</b>	<b>9.7%</b>	<b>285.9</b>	<b>266.4</b>	<b>7.3%</b>
<i>On comparable publication basis <sup>(2)</sup></i>	182.2	177.9	2.4%	285.9	278.3	2.8%
of which PagesJaunes	149.4	136.1	9.8%	231.8	215.3	7.6%
<i>On comparable publication basis <sup>(2)</sup></i>	149.4	145.3	2.9%	231.8	224.5	3.3%
of which The Annuaire	32.8	30.0	9.2%	54.2	51.1	6.0%
<i>On comparable publication basis <sup>(2)</sup></i>	32.8	32.7	0.2%	54.2	53.8	0.7%
<b>Online services</b>	<b>72.0</b>	<b>62.6</b>	<b>14.9%</b>	<b>140.7</b>	<b>122.8</b>	<b>14.6%</b>
of which Internet	57.7	42.6	35.6%	110.5	79.8	38.5%
of which Minitel	14.2	20.0	-29.9%	30.2	43.1	-29.8%
<b>Other revenue</b>	<b>6.2</b>	<b>3.7</b>	<b>65.5%</b>	<b>11.2</b>	<b>8.1</b>	<b>39.3%</b>
<b>International &amp; Subsidiaries</b>	<b>22.6</b>	<b>22.1</b>	<b>2.3%</b>	<b>45.3</b>	<b>43.6</b>	<b>3.9%</b>
<i>On comparable publication basis <sup>(2)</sup></i>	22.6	21.5	5.0%	45.3	42.5	6.7%
<b>BtoC directories</b>	<b>9.0</b>	<b>8.6</b>	<b>5.1%</b>	<b>19.7</b>	<b>18.8</b>	<b>5.0%</b>
<i>On comparable publication basis <sup>(2)</sup></i>	9.0	8.0	12.9%	19.7	17.6	11.8%
of which QDQ Media	8.7	8.3	4.9%	19.1	18.1	5.3%
<i>On comparable publication basis <sup>(2)</sup></i>	8.7	7.7	12.9%	19.1	17.0	12.4%
<b>Kompass businesses</b>	<b>7.4</b>	<b>7.3</b>	<b>1.6%</b>	<b>14.2</b>	<b>13.6</b>	<b>4.3%</b>
<b>Relationship marketing and geographic services</b>	<b>6.1</b>	<b>6.2</b>	<b>-0.9%</b>	<b>11.4</b>	<b>11.3</b>	<b>1.4%</b>
Inter-segment	(1.2)	(0.9)	-	(1.5)	(1.2)	-
<b>Consolidated revenues</b>	<b>281.7</b>	<b>253.7</b>	<b>11.0%</b>	<b>481.7</b>	<b>439.8</b>	<b>9.5%</b>
<i>On comparable publication basis <sup>(2)</sup></i>	281.7	264.9	6.3%	481.7	450.5	6.9%



**Table 2: Pro forma <sup>(1)</sup> consolidated IFRS half-year income statement of PagesJaunes Groupe**

<b>In € millions</b>	<b>First half 2005</b>	<b>First half 2004 pro forma <sup>(1)</sup></b>	<b>Change 2005/2004</b>
<b>Revenues</b>	<b>481.7</b>	<b>439.8</b>	<b>9.5%</b>
External purchases	(145.8)	(153.0)	-4.7%
Other operating income and expenses	9.8	9.7	0.7%
Labour costs: - Wages and charges	(142.2)	(132.9)	7.0%
<b>Gross operating margin (GOM) <sup>(3)</sup></b>	<b>203.5</b>	<b>163.6</b>	<b>24.4%</b>
- Employee profit-sharing	(14.5)	(12.9)	11.8%
- Share-based payment	(4.2)	(5.4)	-23.1%
Depreciation and amortisation	(4.4)	(5.3)	-18.0%
Impairment of goodwill	0.0	0.0	-
Impairment of fixed assets	(0.4)	0.0	-
Asset disposals	(0.1)	(0.4)	-82.3%
Restructuring costs	0.0	0.0	-
Results of equity-method associates	0.0	0.0	-
<b>Operating income</b>	<b>180.0</b>	<b>139.5</b>	<b>29.0%</b>
Net financial income (expense)	4.1	5.8	-29.7%
Corporation tax	(64.0)	(59.6)	7.3%
<b>Net income</b>	<b>120.1</b>	<b>85.7</b>	<b>40.1%</b>

**Table 3: Pro forma <sup>(1)</sup> half-year income of PagesJaunes Groupe by segment**

In € millions	PagesJaunes in France			International & Subsidiaries		
	First half 2005	First half 2004 pro forma <sup>(1)</sup>	Change 2005/ 2004	First half 2005	First half 2004 pro forma <sup>(1)</sup>	Change 2005/ 2004
<b>Revenues</b>	<b>437.9</b>	<b>397.3</b>	<b>10.2%</b>	<b>45.3</b>	<b>43.6</b>	<b>3.9%</b>
External purchases	(127.1)	(132.5)	-4.1%	(20.2)	(21.6)	-6.7%
Other operating income and expenses	10.8	11.3	-4.3%	(1.0)	(1.6)	-60.7%
Labour costs: - Wages and charges	(117.5)	(107.9)	8.8%	(24.7)	(24.9)	-1.0%
<b>Gross operating margin (GOM) <sup>(3)</sup></b>	<b>204.0</b>	<b>168.1</b>	<b>21.4%</b>	<b>(0.5)</b>	<b>(4.5)</b>	<b>-87.9%</b>
- Employee profit-sharing	(14.3)	(12.7)	12.4%	(0.2)	(0.2)	-18.1%
- Share-based payment	(3.7)	(4.9)	-23.4%	(0.4)	(0.5)	-20.9%
Depreciation and amortisation	(2.9)	(3.2)	-9.5%	(1.4)	(2.1)	-31.1%
Impairment of goodwill	0.0	0.0	-	0.0	0.0	-
Impairment of fixed assets	0.0	(0.4)	-	(0.4)	0.0	-
Asset disposals	0.0	0.0	-	0.0	0.0	-
Restructuring costs	0.0	0.0	-	0.0	0.0	-
Results of equity-method associates	0.0	0.0	-	0.0	0.6	-
<b>Operating income</b>	<b>183.0</b>	<b>146.9</b>	<b>24.6%</b>	<b>(3.1)</b>	<b>(7.3)</b>	<b>-58.3%</b>
Net financial income (expense)	4.1	5.8	-28.9%	(0.1)	(0.0)	-37.3%
Corporation tax	(63.3)	(59.7)	6.1%	(0.6)	0.1	-
<b>Net income</b>	<b>123.8</b>	<b>93.0</b>	<b>33.2%</b>	<b>(3.8)</b>	<b>(7.3)</b>	<b>-48.4%</b>





**Table 4: Consolidated cash flow statement of PagesJaunes Groupe based on historical data**

In € millions	First half 2005	First half 2004 historical
Net cash flow from operations	135.4 <sup>(a)</sup>	203.1
Net cash flow used in investment activities	(79.9)	(16.6)
Net cash flow used in financing activities	(209.9) <sup>(b)</sup>	(284.4)
<b>Net change in cash and cash equivalents</b>	<b>(154.4)</b>	<b>(97.9)</b>
Effect of changes in exchange rates on cash and cash equivalents	0.0	0.0
Cash and cash equivalents at beginning of period	644.1	581.9
<b>Cash and cash equivalents at end of period</b>	<b>489.6</b>	<b>484.0</b>

(a) of which cash flow: gross operating margin – employee profit-sharing – corporate tax – interest income – other non-cash items

(b) of which €259.3 million of dividend



**Table 5: Trend in the number of consultations of online directories <sup>(4)</sup>**

In millions	March 2004	June 2004	Sept. 2004	Dec. 2004	March 2005	June 2005
PagesJaunes 3611	21	19	18	15	14	14
Pagesjaunes.fr	32	35	37	36	44	48
Total	53	54	55	51	59	61

**Table 6: Trend in the number of Internet advertisers of PagesJaunes Groupe**

In thousands	March 2004	June 2004	Sept. 2004	Dec. 2004	March 2005	June 2005
Pagesjaunes.fr	279.5	290.0	293.0	308.0	318.9	328.7
QDQ.com	13.1	15.9	19.8	24.7	28.6	31.5
Total	292.6	305.9	312.8	332.7	347.5	360.2

## Notes

(1) Pro forma 2004 figures: the pro forma consolidated figures reflect the consolidation of QDQ Media, Mappy, Editus Luxembourg and Kompass Belgium as at January 1, 2004 and of e-sama as at February 1, 2004. The figures presented are unaudited.

(2) Comparable publication schedule: since the publication schedule of the printed directories for the first half of 2004 is not comparable with that of the first half of 2005, the revenues on a comparable publication basis for the first half of 2004 are obtained by applying the publication basis for printed directories applicable in the first half of 2005.

(3) Gross operating margin (GOM): revenues less external purchases, operating expenses (net of operating income) and wages and social charges. The wages and social charges included in the GOM do not include employee profit-sharing or the cost of share-based payment. The consolidated GOM under IFRS becomes the key indicator of the Group's operating performance, fulfilling the role previously played by "REAA" (*résultat d'exploitation avant amortissement* - operating income before depreciation and amortisation) under French standards.

(4) Source: Cybermétrie - Médiamétrie / eStat for the number of visits to pagesjaunes.fr and the number of requests made at the server interrogation centres of PagesJaunes 3611.

(5) Monthly reach rate: number of Internet users visiting the site at least once in the month in question as a proportion of the actual number of active Internet users during this period - Source: Nielsen//Netratings "Home & Work" - domain ranking - June 2005.

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*This document contains forward-looking statements. Although PagesJaunes Groupe believes its expectations are based on reasonable assumptions, these 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 the PagesJaunes Group's investments in France and abroad.*



*A description of the risks borne by the PagesJaunes Group appears in section 4.9 "Risk Factors" of the "Document de Référence" of PagesJaunes Groupe filed with the French financial markets authority (AMF) under the number R. 05-034 on March 30, 2005. A description of the objectives of the PagesJaunes Group appears in chapter VII of the "Document de Référence".*

*The forward-looking statements contained in this document apply only from the date of this document, and PagesJaunes Groupe does not undertake to update any of these statements to take account of events or circumstances arising after the date of the said document or to take account of the occurrence of unexpected events.*

*Unless stated otherwise in this document, all the accounting data are presented on an unaudited pro forma consolidated basis (including PagesJaunes S.A., Kompass France, QDQ Media, Mappy S.A., Wanadoo Data, Eurodirectory S.A., Editus Luxembourg, Kompass Belgium and e-sama).*