

Annual results of PagesJaunes Groupe: upper end of the target range

Key points for full-year 2009:

- Acceleration of the Internet strategy with a strengthening of initiatives on the Internet under the impetus of a new management
- Outperformance of the advertising market with a 6.6% rise in Internet revenues limiting the decrease in total revenues to 2.4%
- Gross operating margin (GOM) of €529 million
- Proposed dividend of €0.65 per share, representing a distribution rate of 67% of consolidated full-year profit

On the announcement of PagesJaunes Groupe's results for full-year 2009, Jean-Pierre Remy, Chief Executive Officer, said:

"PagesJaunes Groupe has demonstrated its resilience across all its businesses in a market heavily impacted by the crisis. In an uncertain environment, PagesJaunes Groupe continued to invest and successfully consolidated its position as the leading European group in terms of Internet advertising revenues, with Internet revenues exceeding €500 million (43% of total revenues). Its audience grew by 7%, with almost 1.2 billion visits. Its services remain as popular as ever, as can be seen from the remarkable boom in mobile Internet use, in which PagesJaunes Groupe has been able to gain significant audience shares. The Group occupies the leading position among local information sites in France, with one Internet user in two loyal to the Group. 2010 is expected to be a year of transition, both in terms of economic recovery, which is likely to be very gradual, as illustrated by the relative stabilisation of sales in the last three months, and in terms of the Group's Internet transformation. The launches of new products and services should progressively energise the growth of PagesJaunes."

Ghislaine Mattlinger, Chief Financial Officer, said:

"PagesJaunes Groupe met all its financial targets in 2009. Revenues decreased by 2.4% to almost €1.2 billion, at the upper end of the previously announced target range (-2% to -5%), due in particular to the 6.6% growth in Internet activities. This performance was achieved thanks to a stable advertiser base and only a limited fall in average revenue per advertiser. The gross operating margin reached €529 million, a figure at the upper end of the Group's target range, due to the optimisation of publishing costs for printed directories, which allowed continued investment in fixed and mobile Internet. With a net financial expense of €81.9 million, down almost 40% compared to 2008, net income totalled €273.6 million, up 11.4% compared to the 2008 profit before exceptional items."

On the strength of these good results, and in line with its desire and commitment to maintain a high dividend policy, the Board of Directors has decided to distribute a dividend of €0.65 per share in respect of 2009, which represents a distribution rate of 67% of the Group's consolidated profit.



Key figures of PagesJaunes Groupe

(in € millions)	Full-year 2008	Full-year 2009	Change
Revenues	1,192.8	1,163.9	-2.4%
of which Internet revenues	471.4	502.4	6.6%
as % of total	39.5%	43.2%	3.7 points
Gross operating margin	551.6	528.7	-4.2%
as % of revenues	46.2%	45.4%	-0.8 point
Net income before exceptional items in 2008	245.7	273.6	11.4%

I. Rise in Internet revenues limiting the fall in total revenues

In a difficult market context, the revenues of the PagesJaunes in France segment decreased by 1.2% to €1,097.3 million in 2009. The Internet¹ accounted for 43% of revenues in this business segment in 2009 (+3 points compared to 2008), representing growth of 6.5%.

Revenues of the PagesJaunes in France segment²

(in € millions)	Full-year 2008	Full-year 2009	Change
Printed directories	617.7	577.8	-6.5%
Pagesjaunes.fr, annoncesjaunes.fr and sites	431.3	461.0	6.9%
Telephone directory enquiry services (118008)	36.4	39.7	9.1%
Others (including Minitel and PagesPro)	24.7	18.8	-23.9%
PagesJaunes in France	1,110.1	1,097.3	-1.2%
of which Internet (*)	443.5	472.2	6.5%
As % of revenues	40.0%	43.0%	3.0 points

* including Pagespro.com

¹ Revenues of pagesjaunes.fr, annoncesjaunes.fr, Internet sites and pagespro.com.

² The data presented in 2008 and 2009 have been adjusted to take account of the impact of the transfer of the online small ads business ("annoncesjaunes.fr") from the International & Subsidiaries segment to the PagesJaunes in France segment following the merger of PagesJaunes Petites Annonces and PagesJaunes S.A. in July 2009 with retroactive effect from 1 January 2009.

- The decrease in revenues of the PagesJaunes in France segment resulted, as expected, from the decrease in average revenue per advertiser (-1.4% to €1,543). This was partly offset by slight growth in the advertiser base (+0.6% to 700,100 customers), which held up well despite the deterioration in the situation of SMEs. **New customer recruitment continued at a sustained pace** (118,500 new customers) **and the retention rate, although lower, remained high** (83.5% in terms of the number of advertisers).
- The decrease in revenues from printed directories was due to a decline in average revenue per advertiser (-5.8% to €926), while the number of advertisers decreased only slightly (-0.7% to 623,800 customers). **The resilience of the advertiser base on our printed platforms maintains the relevance and wealth of content of the directories.**
- The growth in Internet revenues was due on the one hand to a rise in average revenue per advertiser (+4.6% to €945) and on the other hand to an increase in the number of advertisers (+2.2% to 492,500 customers). **2009 was marked by the overhaul of the Internet product range**, with the launch of the Internet Visibility Pack (IVP), entry-level products and new Internet advertising formats.
- **The Group's French sites (mainly pagesjaunes.fr and mappy.com) recorded 1,186.6 million visits in 2009** (+7.0% compared to 2008), and 18.3 million unique visitors in December 2009 (50% of internet users³). The mobile Internet audience reached 29.6 million visits, doubling the 2008 figure. This rise accelerated strongly in the second half with the proliferation of the iPhone, on which the PagesJaunes application has been downloaded 1.8 million times since it was launched. Around 60% of iPhone users in France now have the PagesJaunes application. The Mappy application was also successfully launched, and ranks first among navigation applications on the iPhone. **PagesJaunes continued its strategy of enriching content in the past 12 months** by means of a new home page, a new results list, a new video offering, the launch of the IVP and the development of contributory input (users' opinions).

³ Source: NielsenNetratings

The revenues of the International & Subsidiaries segment amounted to €75.8 million in 2009, down 17.2%. The segment was affected by the decrease in revenues of QDQ Media, and, to a lesser extent, the direct marketing and geographic services businesses.

Revenues of the International & Subsidiaries segment

(in € millions)	Full-year 2008	Full-year 2009	Change
BtoC directories	56.9	41.4	-27.2%
of which QDQ Media	42.1	30.3	-28.0%
Internet advertising representation	5.5	9.4	70.9%
Direct marketing and geographic services	29.2	25.0	-14.4%
International & Subsidiaries	91.5	75.8	-17.2%
of which Internet (*)	34.1	36.2	6.2%
<i>As % of revenues</i>	<i>37.3%</i>	<i>47.8%</i>	<i>10.5 points</i>

* Internet revenues of QDQ Media, Editus Luxembourg and Edicom, and revenues of Horyzon Média and Mappy

- **QDQ Media successfully concluded its restructuring plan**, which was initiated at the end of 2008 and involved the redeployment of its commercial organisation and its activities with the aim of lowering its breakeven point, focusing investments on regions offering greater potential and on the national rollout of its Internet presence. QDQ Media recorded a 28.0% decrease in revenues in 2009, taking into account the 5.7% rise in its Internet revenues.
- **The contribution of the Horyzon Média Internet advertising representation segment** to consolidated revenues amounted to **€9.4 million** in 2009, compared to €5.5 million in 2008⁴. The revenues of Horyzon Média billed to advertisers (gross revenues) amounted to €17.2 million in 2009, down 6.5% compared to 2008. The increase in CPC⁵ business partly offset the fall in CPM⁶ business, in line with the trends seen in the market.
- Revenues from **direct marketing** and **geographic services** decreased by 14.4% in 2009 to **€25.0 million**. The revenues of PagesJaunes Marketing Services were impacted by the economic situation and by the decline in traditional direct marketing activities.
- PagesJaunes Groupe sold its Edicom subsidiary, the publisher of the Télécontact business directory in Morocco. Edicom left the consolidated Group in October 2009 and contributed €1.6 million to the Group's consolidated revenues during the year, compared to €4.5 million in 2008.

⁴ The revenues of Horyzon Média comprise representation commissions for activities billed on a CPM (cost per mille) basis and, from 2009, all the revenues billed to advertisers for performance-based or CPC (cost per click) activities.

⁵ Cost per click.

⁶ Cost per mille.

II. Adaptation of cost structure while increasing investment

Three key facts should be emphasised:

- Continuation of efforts to optimise all the costs of the PagesJaunes in France segment.
- Increase of commercial, marketing and technological investments that are essential for the company's future growth.
- Restructuring of QDO Media in Spain, which has significantly lowered the company's operating breakeven point, and reintegration of the PagesJaunes Petites Annonces offering in the PagesJaunes offering, leading to better pooling of costs.

The GOM of the PagesJaunes in France segment decreased by 3.1% in 2009 to €527.8 million, in a context of pressure on revenues and investments in fixed and mobile Internet.

GOM of the PagesJaunes in France segment (*)

(in € millions)	Full-year 2008	Full-year 2009	Change
Revenues	1,110.1	1,097.3	-1.2%
External purchases	(266.5)	(257.1)	-3.5%
Salaries and charges	(288.4)	(293.1)	1.6%
Other operating income and expenses	(10.5)	(19.3)	83.8%
GOM	544.7	527.8	-3.1%
<i>As % of revenues</i>	<i>49.1%</i>	<i>48.1%</i>	<i>-1 point</i>

(*) Including the online small ads business ("annoncesjaunes.fr")

- **Control of publishing costs** (purchase of paper, printing and distribution of printed directories), which were reduced by 6.6% to €97.4 million, due in particular to the optimisation of the format and layout of the directories and the full-year impact of the renegotiation of printing contract at the end of 2008.
- **Control of commercial costs**, in particular the remuneration of the sales force and its immediate supervisory personnel, which remain at €159.7 million in 2009 in a context of new product rollouts.
- **Control of customer risk**, with net transfers to bad debt provisions rising from 0.33% of revenues in 2008 to 0.52% in 2009.



The International & Subsidiaries segment generated a positive GOM of €0.9 million in 2009.

GOM of the International & Subsidiaries segment

(in € millions)	Full-year 2008	Full-year 2009	Change
Revenues	91.5	75.8	-17.2%
External purchases	(37.8)	(32.8)	-13.2%
Salaries and charges	(46.3)	(39.2)	-15.3%
Other operating income and expenses	(0.4)	(2.9)	na
GOM	6.9	0.9	-87.0%

The Group's operating income amounted to €487.0 million in 2009, up 9.8% compared to 2008. Operating income would show a decrease of 4.9% if exceptional items, comprising the impairment of the goodwill on QDQ Media in 2008, were excluded.

The Group's financial result improved by 39.2% to €(81.9) million due in particular to the fall in interest rates, which enabled the average interest rate on the gross debt (including hedging instruments) to decrease from 5.64% in 2008 to 4.10% in 2009.

PagesJaunes Groupe's income for the period amounted to €273.6 million in 2009, an increase of 11.4% compared to 2008 before exceptional items comprising the impairment of the goodwill on QDQ Media in 2008.

III. Trend in the financial situation

Three key facts should be emphasised:

- Almost 20% headroom under the bank covenant on net debt to GOM.
- Interest rates hedged on 90% of the bank debt and interest rate hedging partially extended until the maturity of the debt in November 2013.
- No repayment of bank debt before the end of 2013.

The net financial debt⁷ of PagesJaunes Groupe amounted to €1,907.4 million as at 31 December 2009, compared to €1,891.5 million as at 31 December 2008.

- **PagesJaunes Groupe's bank debt**, amounting to €1,950 million, is repayable in full at the end of 2013. PagesJaunes Groupe also has a credit line of around €400 million granted by a diversified syndicate of banks and expiring at the end of 2013.
- **PagesJaunes Groupe's bank debt** is now 88% hedged against rises in interest rates by a portfolio of interest rate swaps and collars maturing at the end of 2011 and 46% by forward swaps maturing at the end of 2013.
- **As at 31 December 2009, the Group has almost 20% headroom under the covenant on its financial leverage ratio** with net debt⁸ amounting to 3.57 times an aggregate close to GOM **and 90% under the covenant on its interest coverage ratio** with an aggregate close to GOM amounting to 6.66 times the net interest expense⁹.

IV. Outlook

PagesJaunes Groupe has set itself the following financial targets for 2010:

- Sustained growth in Internet revenues, limiting the decrease in total revenues, given that a rebound in activity is expected from the second half of 2010 due to the increasing contribution from new products.
- GOM between €500 million and €530 million taking into account continued investments in fixed and mobile Internet.
- Maintenance of a high dividend policy¹⁰.

⁷ The net financial debt corresponds to the total gross financial debt plus or minus derivative asset and liability cash flow hedging instruments and minus cash and cash equivalents.

⁸ Excluding the fair value of hedging instruments and loan issue expenses.

⁹ Excluding the change in the fair value of hedging instruments, amortisation of loan issue expenses and accretion income.

¹⁰ The 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 is the leader in France in local advertising and information, generating consolidated revenues of almost €1.2 billion in 2009. PagesJaunes' services can be accessed through printed directories (the PagesJaunes directory), directory enquiry services by telephone and SMS (118008) and the Internet. PagesJaunes Groupe's fixed and mobile Internet sites, primarily pagesjaunes.fr, mobile.pagesjaunes.fr, mappy.com and annoncesjaunes.fr, are visited by one Internet user in two in France each month.

PagesJaunes Groupe has a sales force of more than 2,300 sales advisers in France and Spain and provides a comprehensive range of advertising products for its 770,000 local and national advertising customers. PagesJaunes Groupe is one of the three largest Internet advertising representatives in France. With over €500 million of Internet revenues in 2009, representing 43% of consolidated revenues, PagesJaunes Groupe ranks first in Europe in terms of Internet advertising revenues.

PagesJaunes Groupe is listed on NYSE Euronext Paris – compartment A (PAJ). Information on PagesJaunes Groupe is available at <http://www.pagesjaunesgroupe.com>.

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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: the effect of competition; PagesJaunes usage level; the success of the investments of the PagesJaunes Groupe in France and abroad; the effects of the economic situation.

A description of the risks borne by the PagesJaunes Groupe appears in section 4 "Facteurs de risques" of the "Document de Référence" of PagesJaunes Groupe filed with the French financial markets authority (AMF) on 17 March 2009.

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.

The consolidated financial statements were adopted by the Board of Directors at its meeting of 18 February 2010 and audited by the statutory auditors of PagesJaunes Groupe. Fuller information is available in the 2009 Financial Report of PagesJaunes Groupe, which can be downloaded from the Group's corporate website at www.pagesjaunesgroupe.com.



Appendix 1: Consolidated revenues

(in € millions)	Fourth quarter 2008	Fourth quarter 2009	Change 2009 / 2008	Full-year 2008	Full-year 2009	Change 2009 / 2008
Printed directories	160.3	145.0	-9.5%	617.7	577.8	-6.5%
Pagesjaunes.fr, annoncesjaunes.fr and sites	116.9	116.8	-0.1%	431.3	461.0	+6.9%
Telephone directory enquiry services (118008)	9.6	9.9	+3.1%	36.4	39.7	+9.1%
Other revenues	6.3	5.9	-6.3%	24.7	18.8	-23.9%
Total PagesJaunes in France	293.2	277.6	-5.3%	1,110.1	1,097.3	-1.2%
B to C directories	16.9	9.2	-45.6%	56.9	41.4	-27.2%
of which QDQ Media	12.9	7.9	-38.8%	42.1	30.3	-28,0%
Internet advertising representation	2.2	5.9	+168.2%	5.5	9.4	+70.9%
Direct marketing and geographic services	8.2	7.5	-8.5%	29.2	25.0	-14.4%
Total International & Subsidiaries	27.4	22.5	-17.9%	91.5	75.8	-17.2%
Inter-segment	(2.7)	(3.2)	+18.5%	(8.7)	(9.1)	+4.6%
Group total	317.9	296.9	-6.6%	1,192.8	1,163.9	-2.4%



Appendix 2: Consolidated income statement

(in € millions)	Second half 2008	Second half 2009	Change 2009/2008	Full-year 2008	Full-year 2009	Change 2009/2008
Revenues	641.9	602.2	-6.2%	1,192.8	1,163.9	-2.4%
External purchases	(159.8)	(157.9)	-1.2%	(295.4)	(280.5)	-5.0%
Other operating income	5.4	2.2	-59.3%	11.8	4.2	-64.4%
Other operating expenses	(13.1)	(14.7)	+12.2%	(22.8)	(26.7)	+17.1%
Personnel expenses: - Salaries and social charges	(170.2)	(164.9)	-3.1%	(334.8)	(332.2)	-0.8%
Gross operating margin	304.3	266.8	-12.3%	551.6	528.7	-4.2%
- Employee profit-sharing	(9.7)	(7.5)	-22.7%	(17.8)	(15.3)	-14.0%
- Share-based payment	1.9	(1.0)	-152.6%	(1.5)	(1.6)	+6.7%
Goodwill impairment	(68.9)	0.0	na	(68.9)	0.0	na
Depreciation and amortisation	(8.6)	(10.5)	+22.1%	(17.2)	(19.6)	+14.0%
Result of asset disposals	(0.3)	(0.7)	na	(0.3)	(0.8)	na
Restructuring cost	(2.5)	(0.1)	na	(2.5)	(4.5)	na
Operating income	216.1	247.0	+14.3%	443.4	487.0	+9.8%
Financial income	0.9	4.3	+377.8%	3.4	8.8	+158.8%
Financial expenses	(71.4)	(45.8)	-35.9%	(138.2)	(90.7)	-34.4%
Financial result	(70.4)	(41.5)	-41.1%	(134.8)	(81.9)	-39.2%
Corporation tax	(71.8)	(60.3)	-16.0%	(131.7)	(131.5)	-0.2%
Consolidated income	73.8	145.3	+96.9%	176.8	273.6	+54.8%



Appendix 3: Cash flow statement

(in € millions)	Full-year 2008	Full-year 2009	Change	Change (%)
GOM	551.6	528.7	(23.0)	-4.2%
Employee profit-sharing	(17.8)	(15.3)	2.6	-14.0%
Change in working capital requirement	16.2	(3.2)	(19.4)	-119.8%
Acquisitions of tangible and intangible fixed assets	(12.1)	(26.0)	(13.9)	+114.9%
Operating cash flow	537.9	484.2	(53.7)	-10.0%
<i>Operating cash flow / GOM conversion rate</i>	<i>97.5%</i>	<i>91.6%</i>		<i>-5.9 points</i>
Net financial income / (expense)	(110.8)	(80.1)	30.8	-27.7%
Non-monetary items included in GOM	2.3	6.1	3.9	+165.2%
Restructuring costs	(2.5)	(4.5)	(1.9)	+80.0%
Corporation tax paid	(118.7)	(148.0)	(29.4)	+24.7%
Net cash flow	308.2	257.8	(50.4)	-16.4%