

PagesJaunes Groupe first-half results: on target due to acceleration of Internet growth

Key figures for the first half of 2010:

- Acceleration of growth in Internet revenues: 6.7% in the second quarter, compared to 3.1% in the first quarter (4.8% in the first half)
- Limited decrease of 2.5% in gross operating margin (GOM)
- Confirmation of 2010 GOM target of between €510 million and €530 million

On the announcement of PagesJaunes Groupe's results for the first half of 2010, Jean-Pierre Remy, Chief Executive Officer, said:

"The development of new services and new content enabled the audience of PagesJaunes Groupe's Internet sites to grow 37% in the first half of 2010, with a tripling of the mobile Internet audience. This audience growth provides a basis for the deployment of new products and services, such as websites, which will sustain the growth of Internet revenues."

"In the second quarter of 2010, the Group succeeded in doubling its Internet growth. In a local advertising market that shows no sign of recovery, we are not revising our full-year target of a decrease of between -1% and -3% in revenues, although the figure is expected to be in the low end of the range."

"The cost reduction efforts have allowed a continuation of Internet investments, while maintaining the level of the GOM margin rate. The Group is maintaining its target of GOM between €510 million and €530 million in 2010."

Key figures of PagesJaunes Groupe

(in millions of euros)	First half 2009	First half 2010	Change
Revenues	561.7	542.3	-3.5%
of which Internet revenues	251.7	263.9	4.8%
<i>as % of total</i>	<i>44.8%</i>	<i>48.7%</i>	<i>3.9 points</i>
Gross operating margin	261.9	255.3	-2.5%
<i>as % of revenues</i>	<i>46.6%</i>	<i>47.1%</i>	<i>0.5 point</i>

I. 37.4% growth in the audience of the Group's Internet sites in the first half of 2010

- **The Internet audience of the Group's sites increased sharply in the first half of 2010**, with 976.1 million visits, a rise of 37.4% compared to the first half of 2009. In France, the Group's sites recorded 695.3 million visits in the first half of 2010, a rise of 13.5% compared to the first half of 2009, and recorded 19.3 million unique visitors in June 2010 (48.4% of Internet users¹).
- **The strategy of enriching content is beginning to bear fruit, as can be seen from the rapid development of contributory input.** The number of reviews posted by visitors to pagesjaunes.fr exceeded 160,000 on 30 June 2010, and covered almost 60,000 businesses.
- **Spectacular growth in the audience of pagesjaunes.fr on mobile Internet.** The size of the audience tripled in the first half of 2010 compared to the first half of 2009, amounting to 29.8 million visits (6.4% of the fixed Internet audience). By the end of June 2010, the PagesJaunes and Mappy iPhone applications had been downloaded 2.4 million and 1.0 million times respectively in France. They have been complemented by the AnnoncesJaunes application launched in June 2010.

II. Acceleration of growth in the Group's Internet revenues

Consolidated revenues declined by 3.5% to €542.3 million in the first half of 2010. **The Internet accounted for 48.7% of revenues** (+3.9 points compared to 2009), representing growth of 4.8%.

The PagesJaunes in France segment saw its revenues decline by 3.7% to €513.0 million in the first half of 2010:

Revenues of the PagesJaunes in France segment

(in millions of euros)	First half 2009	First half 2010	Change
Printed directories	275.0	248.8	-9.5%
Internet	230.7	238.4	3.3%
Others (118008, PagesPro and Minitel)	27.3	25.7	-5.9%
PagesJaunes in France	532.9	513.0	-3.7%
<i>as % of Internet revenues</i>	<i>43.3%</i>	<i>46.5%</i>	<i>3.2 points</i>

- Printed directory revenues declined 9.5% to €248.8 million in the first half of 2010, in line with the decrease recorded in the first quarter. **The decrease in printed directory revenues relates to directories marketed during 2009.**
- Internet revenues (pagesjaunes.fr, annoncesjaunes.fr, websites and mobile Internet) grew +3.3% to €238.4 million in the first half of 2010. The growth in new Internet products was

¹ Source: Médiamétrie//NetRatings

confirmed. With almost 40,000 Internet Visibility Packs (IVPs) sold by the end of June 2010, PagesJaunes has maintained a rate of around 1,500 IVPs sold each week in June, half of which were to new website customers of the Group. **With 73,000 websites as at 30 June 2010, PagesJaunes has confirmed its status as a leader in this market in France.**

The revenues of the International & Subsidiaries segment amounted to €34.6 million in the first half of 2010, **up 7.5% on a comparable publication basis for the printed directories of QDQ Media, thanks to a 34.0% rise in Internet revenues.**

Revenues of the International & Subsidiaries segment

(in millions of euros)	First half 2009	First half 2010	Change	Change on a comparable publication basis
Directories and Search	18.0	16.5	-8.3%	-5.2%
of which Internet	8.3	11.0	32.5%	32.5%
Internet advertising representation	2.6	5.7	119.2%	119.2%
Direct marketing and geographic services	12.3	12.5	1.6%	1.6%
International & Subsidiaries	32.8	34.6	5.5%	7.5%
Of which Internet	19.1	25.6	34.0%	34.0%
<i>as % of revenues</i>	<i>58.2%</i>	<i>74.0%</i>	<i>15.8 points</i>	

- **The Internet revenues of the Directories and Search segment rose 32.5% due to the 10.6% growth in Internet revenues of QDQ Media in Spain** and the acquisition of 123 people and Keltravo, which contributed €2.4 million in the first half of 2010.
- **The contribution to consolidated revenues from the Horyzon Média Internet advertising representation segment amounted to €5.7 million in the first half of 2010, compared to €2.6 million in 2009².** The Horyzon Média revenues billed to advertisers amounted to €10.5 million, a rise of €22.1% compared to 2009.
- Revenues from direct marketing and geographic services increased by 1.6% in the first half of 2010 to €12.5 million.

² The revenues of Horyzon Média comprise representation commissions for activities billed on a CPM (cost per mille) basis and, from the 4th quarter of 2009, all the revenues billed to advertisers for performance-based or CPC (cost per click) activities.

III. Intensification of investments and cost control

Three key facts should be emphasised:

- Continuation of efforts to optimise all the costs of the PagesJaunes in France segment.
- Increase in commercial, marketing and technological investments that are essential for the company's future growth.
- Positive effect of the restructuring of QDQ Media in Spain conducted in 2009.

The GOM of PagesJaunes Groupe decreased by 2.5% in the first half of 2010 to €255.3 million, amid pressure on revenues and investments in fixed and mobile Internet.

GOM of PagesJaunes Groupe

(in millions of euros)	First half 2009	First half 2010	Change
Revenues	561.7	542.3	-3.5%
External purchases	(122.6)	(116.4)	-5.1%
Salaries and charges	(167.3)	(166.7)	-0.4%
Other operating income and expenses	(9.9)	(3.9)	-61.1%
GOM	261.9	255.3	-2.5%
<i>As % of revenues</i>	<i>46.6%</i>	<i>47.1%</i>	<i>0.5 point</i>
of which PagesJaunes in France	263.0	254.0	-3.4%
of which International & Subsidiaries	(1.1)	1.3	na

- **GOM rate of the PagesJaunes in France segment maintained**, particularly due to the continued fall in publishing costs (purchase of paper, costs of printing and distributing printed directories), partly offset by the increase in expenses associated with the new Internet products and services.
- **Return to GOM breakeven in the International & Subsidiaries segment, due to the effects of the restructuring of QDQ Media conducted in 2009** (reduction of the commercial structure, optimisation of publishing costs, gains on indirect costs and support) and to the positive contribution from 123people.

The Group's operating income amounted to €238.2 million in the first half of 2010, down 0.7% compared to 2009. The first half of 2009 had borne €4.4 million of restructuring costs for QDQ Media.

The Group's financial result decreased by 12.9% to -€45.6 million, due to the unfavourable trend in the fair value of interest rate hedging instruments and the slight increase in

the average interest rate on the gross debt (including hedging instruments), which rose from 4.05% in the first half of 2009 to 4.36% in the first half of 2010 (higher hedging costs).

PagesJaunes Groupe's net income for the period amounted to €123.1 million in the first half of 2010, down 4.1% compared to 2009.

IV. Trend in the financial situation

Three important facts should be emphasised:

- 17% headroom under the bank covenant on net debt to GOM.
- Bank debt hedged 88% against interest rate rises until the end of 2011.
- No repayment of bank debt before the end of 2013.

Following payment of a dividend of €182 million, the net financial debt³ of PagesJaunes Groupe amounted to €1,925.7 million as at 30 June 2010, compared to €1,984.9 million as at 30 June 2009.

- **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 hedged 88% 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 30 June 2010, the Group had 17% headroom under the covenant on its financial leverage ratio**, with net debt amounting to 3.67 times an aggregate close to GOM **and 80% headroom under the covenant on its interest coverage ratio**, with an aggregate close to GOM amounting to 6.30 times the net interest expense⁴.

V. Outlook

PagesJaunes Groupe's financial targets for 2010 are as follows:

- Revenues down by between -1% and -3% taking into account the acceleration of Internet growth, the rebound in activity being expected from the second half of 2010 due to the increasing contribution from new products.
- GOM between €510 and €530 million in view of continued investments in fixed and mobile Internet.
- Maintenance of a high dividend policy⁵.

³ 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.

⁴ Excluding the change in the fair value of hedging instruments, amortisation of loan issue expenses and accretion income.

⁵ 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.

Up to 2012, PagesJaunes Groupe's ambition is to:

- Increase its Internet revenue by 50% between 2009 and 2012 thanks, in particular, to the development of media content and web sites, the monetisation of the mobile Internet audience, and the development of large accounts;
- Generate about two-thirds of its revenue on the Internet in 2012;
- Increase by at least 5% per year the Group's total revenues in 2011 and 2012 with a gross operating margin (GOM) in terms of revenue comparable with that of 2010;
- Maintain a high dividends policy throughout the period⁶.

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 in particular through printed directories (the PagesJaunes and PagesBlanches directories), 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 more than one Internet user in two in France each month.

PagesJaunes Groupe has a sales force of more than 2,200 sales advisers in France and Spain and provides a comprehensive range of advertising products for its 770,000 local and national advertising customers. 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, among other things: the effect of competition; PagesJaunes usage level; the success of the investments of the PagesJaunes Group in France and abroad; the effects of the economic situation. A description of the risks borne by the PagesJaunes Group appears in section 4 "Facteurs de risques" of the "Document de Référence" of PagesJaunes Groupe filed with the French financial markets authority (AMF) on 25 March 2010. 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.



Appendix 1: Consolidated revenues

(in millions of euros)	Second quarter 2009	Second quarter 2010	Change	Change on a comparable publication basis
Printed directories	173.0	155.7	-10.0%	-10.0%
Internet	116.8	120.8	+3.4%	+3.4%
Others (118008, PagesPro and Minitel)	14.2	12.7	-10.6%	-10.6%
of which 118008	10.2	9.4	-7.8%	-7.8%
Total PagesJaunes in France	304.0	289.3	-4.8%	-4.8%
Directories and search	10.8	11.6	+7.4%	+3.6%
of which Internet	4.1	6.6	+61.0%	+61.0%
Internet advertising representation	1.5	3.9	+160.0%	+160.0%
Direct marketing and geographic services	6.1	6.7	+9.8%	+9.8%
Total International & Subsidiaries	18.4	22.1	+20.1%	+17.6%
Inter-segment	(2.2)	(3.0)	+36.4%	+36.4%
Group total	320.2	308.3	-3.7%	-3.8%
of which Internet	127.2	135.7	+6.7%	+6.7%



Appendix 2: Consolidated income statement

(in millions of euros)	First half 2009	First half 2010	Change
Revenues	561.7	542.3	-3.5%
External purchases	(122.6)	(116.4)	-5,1%
Other operating income	2,0	2,1	+5,0%
Other operating expenses	(12,0)	(5,9)	-50,8%
Personnel costs: - Salaries and social charges	(167,3)	(166,7)	-0,4%
Gross operating margin	261.9	255.3	-2.5%
- Employee profit-sharing	(7,8)	(7,2)	-7,7%
- Share-based payment	(0,6)	(0,9)	+50,0%
Impairment of goodwill	0,0	0,0	na
Depreciation and amortisation	(9,1)	(8,7)	-4,4%
Result of asset disposals	(0,1)	(0,0)	na
Restructuring cost	(4,4)	0,0	-100,0%
Securities acquisition expenses	0,0	(0,4)	na
Operating income	239.9	238.2	-0.7%
Financial income	4,5	1,8	-60,0%
Financial expenses	(44,9)	(47,4)	+5,6%
Financial result	(40.4)	(45.6)	+12.9%
Corporation tax	(71,2)	(69,6)	-2,1%
Net income for the period	128.4	123.1	-4.1%

Appendix 3: Cash flow statement

(in millions of euros)	First half 2009	First half 2010	Change (%)
GOM	261.9	255.3	-2.5%
Employee profit-sharing	(7.8)	(7.2)	-7.7%
Change in working capital requirement	63.7	51.7	-18.8%
Acquisitions of tangible and intangible fixed assets	(7.6)	(17.4)	+128.9%
Operating cash flow	310.2	282.5	-8.9%
<i>Operating cash flow/GOM conversion rate</i>	<i>118.5%</i>	<i>110.6%</i>	<i>-7.8 points</i>
Net financial income / (expense)	(39.5)	(42.4)	+7.3%
Non-monetary items included in GOM	1.3	5.7	+338.5%
Restructuring costs	(4.4)	0.0	-100.0%
Corporation tax paid	(85.3)	(65.2)	-23.6%
Net cash flow	182.2	180.7	-0.8%
Increase (decrease) in borrowings and bank overdrafts	(4.5)	(8.5)	+88.9%
Dividends paid	(269.7)	(182.4)	-32.4%
Acquisitions of equity interests and subsidiaries, net of cash acquired	(7.4)	(17.0)	129.7%
Other items	0.2	2.9	na
Net change in cash position	(99.3)	(24.3)	-75.5%