

## Findexa announces financial results for the second quarter ended June 30, 2002

### Sustained revenue growth and operational improvements drive further EBITDA growth

#### Highlights

- Pro forma consolidated operating revenue at NOK 1.033m for the first half year, up 9% from 2001, second quarter up 12% compared to prior year
- Pro forma operating expenses down 3% from first half year of 2001
- Growth in pro forma EBITDA of 49% from first half year of 2001 to NOK 315m, second quarter up 161% compared to prior year
- Operational improvements driving reductions in customer credits and bad debt as compared to prior year

Findexa II AS today announced its unaudited operating and financial results for the second quarter ended June 30, 2002. The highlights of the results are as follows:

Pro Forma Unaudited – Norwegian GAAP (NOK million)	April - June 2002      2001		January - June 2002      2001	
Operating revenue	501,6	447,1	1 032,8	945,3
% Growth	12,2 %		9,3 %	
Contribution margin	439,6	380,4	918,6	835,9
% of Operating revenue	87,6 %	85,1 %	88,9 %	88,4 %
% Growth	15,6 %		9,9 %	
EBITDA	106,8	40,9	315,2	211,6
% of Operating revenue	21,3 %	9,2 %	30,5 %	22,4 %
% Growth	161,0 %		48,9 %	
<u>Norway:</u>				
Operating revenue	379,7	331,4	875,7	810,5
% Growth	14,6 %		8,0 %	
EBITDA	124,8	77,0	381,2	293,6
% of Operating revenue	32,9 %	23,2 %	43,5 %	36,2 %
% Growth	62,0 %		29,9 %	

The company continued in the second quarter to improve upon prior year both on revenue as well as operational expenses. The focus continues to be on bottom line growth, supported by productivity improvements and operational efficiencies.

The market has not shown any signs of improvement since first quarter. In general the advertising market has been declining or at best status quo in our core markets as compared to prior year. Deployment of best practices in sales management as well as brand and product development is our response to this challenge.

In spite of the challenging market situation revenue on key brands has improved over prior year. This is driven by improvements of customer retention rates, reduced customer credits, price increases as well as some volume growth.

Spending levels has been reduced from prior year, both in absolute and relative terms. Significant drivers are general overhead and bad debt charges.

Details on results and cash flow are discussed below.

## **Revenue**

Pro forma consolidated operating revenue was up 9,3% to NOK 1.032,8m for the first half year. The second quarter showed a growth of 12,2% from same quarter prior year. Both Directories Norway and International Operations contributed positively to this.

### Norway

Pro forma operating revenue was up 14,6% for the quarter and 8,0% to NOK 875,7m for the first half year.

Norwegian revenue was influenced by timing differences for directories distribution. In total NOK 15,7m of first half year net revenues in 2002 represents directories (Ditt Distrikt) that were published in second half of 2001. Revenue after adjustment is for the first half NOK 860,0m, up 6,1% from prior year. The revenue growth is driven by Yellow Pages (Gule Sider) and White / Pink Pages (Telefonkatalogen) and reduced customer credits, to some extent offset by reduction of additional volumes of directories sold to Telenor and others.

Adjusted for timing differences we had for the quarter a revenue increase of 10,8% compared to second quarter 2001. This is driven by strong development in core brands. Customer credits were at same level as Q2 2001 in absolute terms but decreased as a percentage of gross revenue from 4,6% to 4,0%.

### International

Pro forma operating revenue was up 5,4% for the quarter and 16,7% to NOK 157,1 for the first half year.

Timing differences and portfolio changes: For International operations adjustments should be made for the acquisition of Annuaire Phone Edition Holding SA in France first half of 2001. This is partly offset by the closure of Spanish operations end of 2001 and timing differences (directories to be distributed second half of 2002 as compared to first half of 2001). In total the revenue impact of portfolio changes and timing differences is NOK 8m for International.

Adjusted for the above differences the International operations (excluding Spain) shows an organic growth of 13,3% for the quarter and 16,8% year to date. The growth is particularly strong in Finland and Russia.

## **Operating Expenses**

Total pro forma operating expenses is down both for the quarter as well as year to date. Significant savings have been achieved on overhead as well as bad debt charges.

*Norway* shows an increase of NOK 4,1m for the quarter as compared to prior year. Adjusted for timing differences spending is in line with prior year. The increase in salaries and personnel costs is driven by salary increases and increased headcount with a corresponding reduction in consultants. The decrease in other operating expenses is mainly driven by reduced spending on consultants, reduced overhead spending as well as a significant reduction in bad debt charges (down NOK 9,4m or 53,1%). Year to date total operating expenses is down NOK 26,3m or 5,9%. This is driven by the same main factors as for the quarter.

*International operations* had a spending decrease for the quarter of NOK 10,8m or 9,1% as compared to prior year. Year to date spending is above prior year with NOK 5,4m or 3,0%. This increase is mainly driven by net impact of timing differences and portfolio changes.

## **EBITDA**

Consolidated pro forma EBITDA was at NOK 106,8m for the quarter, which is NOK 65,9m or 161,1% above prior year. Year to date EBITDA was at NOK 315,2m, which is NOK 103,6m or 48,9% above prior year. Overall the trend from the first quarter continues with higher revenues combined with reduced costs as compared with prior year.

*Norway* had an increase in EBITDA of NOK 87,6m or 29,8% for the first half year as compared to the same period last year. Adjusted for timing differences the increase was 26,4%. Second quarter increase in EBITDA adjusted for timing differences was 51,9%.

*International operations* reduced the loss for the quarter with 50,1% to NOK 18,0m. Year to date the loss was NOK 66,0m, which is 19,4% below prior year. We continue to experience a positive trend on costs in our International operations with programs in place to consolidate country organisations and reduce overall spending levels.

## **Financial items**

Net financial items for the first half year was a cost of NOK 195,8m. Included in this cost are non-cash based interest expenses of NOK 106,6m and unrealized foreign currency gains on senior loans of NOK 96,2m.

## **Cash Flow**

Year to date consolidated cash flow from operating activities before interest payments of NOK 122,2m was NOK 179,4m, up NOK 81,3m or 82,8% from prior year. The improvement is driven both by EBITDA and working capital improvements.

Net change in cash and cash equivalents was influenced by final payments to Telenor for the acquisition (working capital adjustment) and for other acquisition related costs. Total impact was NOK 81,4m for the quarter. This together with interest payments led to a negative cash flow for the quarter of NOK 132,7m.

Net change in cash and cash equivalents was year to date negative NOK 36,7m, leading to a cash position at the end of the quarter at NOK 299,8m. In addition to this the company has an unused revolving credit facility of NOK 400m.

### **Note to pro forma adjustments**

In connection with the purchase price allocation for the acquisition of Findexa AS by TPG, printed directories in progress was increased to fair value as of the purchase date to include profit for the completed portion of each directory. As a result, gross profit during the successor period will be less than during the predecessor periods until those directories have been distributed. Deferred revenue at the time of acquisition was reduced to reflect the present value of the costs to provide the related services plus a profit margin. As a result, profit during the successor period will be less than the predecessor period. In total these adjustments resulted for the first half year in a decrease in revenue of NOK 30,3m (Q2: NOK 11,0m) and an increase in operating expenses of NOK 156,7m (Q2: NOK 42,6m). The pro forma income statement reflects adjustments for the first half year of 2002 to remove the one time effects of these purchase accounting adjustments.

### **SEC Filing and further information**

Findexa will at August 30 file its financial results together with an operating and financial review under Form 6-K with the SEC. The Form 6-K as well as this press release may be accessed at:

[www.huginonline.no/FIND](http://www.huginonline.no/FIND).

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## CONSOLIDATED INCOME STATEMENT - PRO FORMA

Unaudited - Norwegian GAAP (NOK million)	April - June 2002      2001		January - June 2002      2001	
Operating revenue	501,6	447,1	1 032,8	945,3
Gain on disposal of fixed assets and operations	0,2	0,0	0,2	10,4
<b>Total revenue</b>	<b>501,8</b>	<b>447,1</b>	<b>1 033,0</b>	<b>955,6</b>
Cost of materials and printing	62,2	66,7	114,4	119,7
<b>Contribution margin</b>	<b>439,6</b>	<b>380,4</b>	<b>918,6</b>	<b>835,9</b>
Salaries and personnel costs	176,4	163,7	314,5	293,3
Other operating expenses	156,4	175,8	288,8	331,0
Impairment of fixed assets	0,0	0,0	0,0	0,0
<b>Total expenses</b>	<b>332,8</b>	<b>339,5</b>	<b>603,4</b>	<b>624,3</b>
<b>EBITDA</b>	<b>106,8</b>	<b>40,9</b>	<b>315,2</b>	<b>211,6</b>
<b>NORWAY</b>				
Operating revenue	379,7	331,4	875,7	810,5
Gain on disposal of fixed assets and operations	0,0	0,0	0,0	10,3
<b>Total revenue</b>	<b>379,7</b>	<b>331,4</b>	<b>875,7</b>	<b>820,8</b>
Cost of materials and printing	30,5	34,1	75,6	82,0
<b>Contribution margin</b>	<b>349,2</b>	<b>297,3</b>	<b>800,1</b>	<b>738,8</b>
Salaries and personnel costs	116,6	103,3	216,8	207,9
Other operating expenses	107,8	116,9	202,1	237,3
Impairment of fixed assets	0,0	0,0	0,0	0,0
<b>Total expenses</b>	<b>224,4</b>	<b>220,3</b>	<b>418,9</b>	<b>445,2</b>
<b>EBITDA</b>	<b>124,8</b>	<b>77,0</b>	<b>381,2</b>	<b>293,6</b>
<b>INTERNATIONAL</b>				
<u>Operating revenue:</u>				
Western Europe	81,7	78,9	109,2	89,0
Central Europe	7,1	8,1	11,3	11,5
Eastern Europe	33,1	28,6	36,6	34,3
Operating revenue	121,9	115,7	157,1	134,8
Gain on disposal of fixed assets and operations	0,2	0,0	0,2	0,0
<b>Total revenue</b>	<b>122,1</b>	<b>115,7</b>	<b>157,3</b>	<b>134,8</b>
Cost of materials and printing	31,7	32,6	38,8	37,7
<b>Contribution margin</b>	<b>90,4</b>	<b>83,1</b>	<b>118,5</b>	<b>97,1</b>
Salaries and personnel costs	59,7	60,3	97,7	85,3
Other operating expenses	48,6	58,9	86,8	93,7
Impairment of fixed assets	0,0	0,0	0,0	0,0
<b>Total expenses</b>	<b>108,4</b>	<b>119,2</b>	<b>184,5</b>	<b>179,1</b>
<b>EBITDA</b>	<b>(18,0)</b>	<b>(36,1)</b>	<b>(66,0)</b>	<b>(81,9)</b>

## CONSOLIDATED BALANCE SHEET

Unaudited – Norwegian GAAP (NOK million)	June 30, 2002		December 31, 2001	
	Cons.	Norway	Cons.	Norway
<b>ASSETS</b>				
Intangible assets	5 752,4	5 003,3	5 986,1	5 186,3
Tangible assets	41,7	27,9	53,2	31,6
Financial assets	46,5	609,5	44,6	563,1
<b>Total fixed assets</b>	<b>5 840,6</b>	<b>5 640,7</b>	<b>6 083,9</b>	<b>5 781,1</b>
Inventories and work in progress	27,0	3,1	74,3	41,6
Current receivables	746,6	590,2	663,6	434,3
Cash and cash equivalents	299,8	278,7	336,5	273,5
<b>Total current assets</b>	<b>1 073,4</b>	<b>872,0</b>	<b>1 074,5</b>	<b>749,3</b>
<b>Total assets</b>	<b>6 914,0</b>	<b>6 512,7</b>	<b>7 158,4</b>	<b>6 530,4</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Total equity</b>	<b>582,4</b>	<b>501,9</b>	<b>850,7</b>	<b>495,1</b>
<b>Liabilities</b>				
Provisions	598,1	577,2	685,5	644,0
Long-term interest-bearing liabilities	4 865,4	4 857,2	4 828,3	4 819,4
<b>Total long-term liabilities</b>	<b>5 463,5</b>	<b>5 434,4</b>	<b>5 513,8</b>	<b>5 463,4</b>
Short-term interest-bearing liabilities	65,6	50,0	75,1	75,0
Short-term non-interest-bearing liabilities	802,4	526,4	718,8	496,9
<b>Total short-term liabilities</b>	<b>868,0</b>	<b>576,4</b>	<b>793,9</b>	<b>571,9</b>
<b>Total equity and liabilities</b>	<b>6 914,0</b>	<b>6 512,7</b>	<b>7 158,4</b>	<b>6 530,4</b>
<b>CAPEX</b>	<b>9,3</b>	<b>2,8</b>	<b>85,6</b>	<b>62,4</b>

## FINANCING – CONSOLIDATED

Unaudited - Norwegian GAAP (NOK million)	April - June		January - June	
	2002	2001	2002	2001
<b>Financial Items</b>				
Non-Cash based interest expenses	(53,3)		(106,6)	
Cash based interest expenses senior loans	(80,2)		(163,0)	
Foreign currency income / (loss) on long term loans	50,7		96,2	
Other financial items	(10,5)	10,8	(22,3)	21,7
<b>Net financial items</b>	<b>(93,3)</b>	<b>10,8</b>	<b>(195,8)</b>	<b>21,7</b>
<b>Long Term Loans (End of Quarter)</b>				
Senior Credit Agreement			2 275,0	
High Yield Bond			1 075,3	
Deferred Coupon Notes			203,9	
Shareholder Loan			1 219,0	
<b>Total long term loans</b>			<b>4 773,3</b>	<b>0,0</b>

## CONSOLIDATED CASH FLOW

Unaudited - Norwegian GAAP (NOK million)	April – June 2002      2001		January – June 2002      2001	
<b>Cash flow from operating activities</b>				
Income (loss) before taxes	(199,5)	33,7	(383,0)	198,2
Taxes paid	(7,4)	(8,0)	(7,4)	(8,0)
Depreciations, amortizations and impairments	164,9	19,2	325,6	37,0
Other Items	11,2	17,3	21,2	20,4
<b>Cash flow from operating activities before working capital changes</b>	<b>(30,8)</b>	<b>62,1</b>	<b>(43,6)</b>	<b>247,5</b>
Working capital changes	(20,4)	(31,1)	100,8	(149,4)
<b>Net cash flow from (used in) operating activities</b>	<b>(51,2)</b>	<b>31,0</b>	<b>57,2</b>	<b>98,1</b>
<b>Cash flow from investment activities</b>				
Net cash paid on acquisitions	(81,4)	(114,5)	(81,4)	(119,4)
Net purchase and proceeds from other investments	(0,7)	(28,4)	(1,6)	(41,3)
<b>Net cash flow from investment activities</b>	<b>(82,1)</b>	<b>(142,9)</b>	<b>(83,0)</b>	<b>(160,7)</b>
<b>Cash flow from financing activities</b>				
Net change in loans	2,2	0,0	(8,6)	0,0
Payment of group contribution (dividend to shareholder)	0,0	(481,0)	0,0	(481,0)
<b>Net cash flow from (used in) financing activities</b>	<b>2,2</b>	<b>(481,0)</b>	<b>(8,6)</b>	<b>(481,0)</b>
<b>Effect on cash and cash equivalents of changes in foreign exchange rates</b>	<b>(1,6)</b>	<b>(0,1)</b>	<b>(2,2)</b>	<b>(0,4)</b>
<b>Net change in cash and cash equivalents</b>	<b>(132,7)</b>	<b>(593,1)</b>	<b>(36,7)</b>	<b>(544,1)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>432,5</b>	<b>702,9</b>	<b>336,5</b>	<b>653,9</b>
<b>Cash and cash equivalents at period end</b>	<b>299,8</b>	<b>109,8</b>	<b>299,8</b>	<b>109,8</b>

## CONSOLIDATED INCOME STATEMENT - UNADJUSTED

Unaudited - Norwegian GAAP (NOK million)	April - June 2002      2001		January - June 2002      2001	
<b>Pro Forma EBITDA</b>	<b>106,8</b>	<b>40,9</b>	<b>315,2</b>	<b>211,6</b>
<b>Adjustments:</b>				
Total revenue	(11,0)	0,0	(30,3)	0,0
Total expenses	(42,6)	0,0	(156,7)	0,0
<b>Unadjusted EBITDA</b>	<b>53,3</b>	<b>40,9</b>	<b>128,3</b>	<b>211,6</b>
Depreciation and amortization	160,8	19,2	317,6	37,0
<b>EBIT / Operating profit (loss)</b>	<b>(107,5)</b>	<b>21,7</b>	<b>(189,3)</b>	<b>174,7</b>
Income / (loss) from associated companies	1,3	1,2	2,1	1,8
Net financial items	(93,3)	10,8	(195,8)	21,7
<b>Income before taxes</b>	<b>(199,5)</b>	<b>33,7</b>	<b>(383,0)</b>	<b>198,2</b>
Taxes	45,3	(10,8)	87,1	(63,6)
Minority interest	0,8	0,2	1,8	0,2
<b>Net profit / (loss)</b>	<b>(153,4)</b>	<b>23,1</b>	<b>(294,0)</b>	<b>134,7</b>

## OPERATIONAL DATA – NORWAY

Unaudited - Norwegian GAAP (NOK million)	April - June 2002      2001		January – June 2002      2001	
<b>Revenue by Brand</b>				
Yellow Pages	215,5	199,3	524,3	504,8
White / Pink Pages	83,8	77,5	203,9	196,3
Other	96,4	70,6	182,2	153,3
Gross operational revenue	395,6	347,4	910,5	854,3
<b>Customer credits</b>				
Customer credits	(16,0)	(16,0)	(34,8)	(43,8)
Net operational revenue	379,7	331,4	875,7	810,5
Customer credits (% of gross operational revenue)	4,0 %	4,6 %	3,8 %	5,1 %
<b>Bad debt expense</b>				
Bad debt expense	8,3	17,7	18,3	28,9
Bad debt (% of net operational revenue)	2,2 %	5,3 %	2,1 %	3,6 %