

## Financial results for the quarter and year to date ended June 30, 2003

Findexa announces financial results for the quarter and year to date ended June 30, 2003

### Highlights

- Consolidated operating revenue at NOK 1.064m year to date, up 3,0% from 2002, second quarter up 4,2% compared to prior year
- Revenue impacted by changes in the directory publication calendar and acquisitions / disposals. Organic growth 3,9% year to date and 6,0% for the quarter
- Growth in year to date EBITDA of 28% from 2002 to NOK 405m, second quarter up 66% compared to prior year. Organic growth 26% year to date
- Year to date consolidated cash flow from operating activities before interest payments up 69% from 2002 to NOK 304m
- Cash position at NOK 421m

Findexa II AS today announced its operating and financial results for the quarter and year to date ended June 30, 2003. Summary of consolidated income statement is as follows:

Unaudited - Norwegian GAAP (NOK million)	April - June		January - June		Jul-Jun	Jan-Dec
	2003	2002	2003	2002	2002/03	2002
<b>Total:</b>						
Operating revenue	522,5	501,6	1 063,8	1 032,8	2 089,9	2 058,9
% Growth	4,2 %		3,0 %		1,5 %	
EBITDA	177,4	106,8	404,9	315,2	660,6	571,0
% of Operating revenue	34,0 %	21,3 %	38,1 %	30,5 %	31,6 %	27,7 %
% Growth	66,1 %		28,4 %		15,7 %	
<b>Norway:</b>						
Operating revenue	396,9	379,7	908,0	875,7	1 600,0	1 567,7
% Growth	4,6 %		3,7 %		2,1 %	
EBITDA	191,2	124,8	448,4	381,2	697,1	629,9
% of Operating revenue	48,2 %	32,9 %	49,4 %	43,5 %	43,6 %	40,2 %
% Growth	53,2 %		17,6 %		10,7 %	

Note: 2002 results are pro forma. All comparisons to 2002 results relates to pro forma results for the year. Please refer explanation later in this release.

Details on results and cash flow are discussed below.

## **Revenue**

Year to date consolidated operating revenue was up 3,0% to NOK 1.063,8m. Second quarter year on year growth was 4,2%. Excluding timing differences and portfolio changes the organic growth was 3,9% year to date and 6,0% for the quarter. Both Directories Norway and International Operations contributed positively to the year to date as well as the quarter organic growth.

### Norway

Operating revenue was up 4,6% for the quarter and 3,7% to NOK 908,0m year to date.

Timing differences for directories distribution were NOK 22,7m at June 30 and relate mainly to earlier distribution of a local directory (Ditt Distrikt) than prior year. Adjusted for timing differences revenue growth year to date was 1,1%. Core brands were at 2002 level (+0,7%), while other revenues were up 13,5% as compared to first half year of 2002. Customer credits were at 2002 level.

For the second quarter timing adjusted revenue for core brands was up 2,6% as compared to same quarter last year, as opposed to first quarter year on year decline of 0,8%. This development is more the result of improvements for specific directories rather than the result of an improvement in the market, and it is too early to indicate whether this improvement is sustainable. June year to date media spending in Norway was up 2,0% from same period prior year.

### International

Operating revenue was up 3,0% for the quarter and at level with 2002 year to date. Currency impact was around 1,8% (positive) of international year to date revenue.

Adjusting for timing differences in directory distribution as well as portfolio changes (discontinuation of our Spanish operations beginning of 2002) the International operations show an organic growth of 23,5% year to date and 10,9% for the quarter, measured in NOK. The growth is to a large extent driven by internet revenues in our Finnish market.

## **Cost of Materials and Printing**

Cost of materials and printing continued to decline in absolute numbers as well as in percentage of revenue. Consolidated cost was year to date 2003 at 9,0% of revenue as compared to same period prior year 11,1%. Both Norway and International show positive trends.

The reduction is driven by new supplier contracts as well as reduced number of books and pages printed, reflecting more cost-effective directory layouts and more selective distribution of directories in certain areas. Furthermore the relative higher share of internet revenues positively impacted the ratio.

## **Operating Expenses**

Consolidated operating expenses for the first two quarters is at NOK 563,0m or 6,7% below prior year. For the second quarter spending was at NOK 293,8m or 11,7% below same quarter prior year.

### Norway

Norway shows a decrease in year to date spending of NOK 27,8m or 6,6%. Adjusting for timing differences the decrease is 8,5%.

Salaries and personnel costs are down, after adjusting for timing differences, with 11,3%. The company started a restructuring process in 2002, including a headcount reduction of 30, which has been implemented in the first quarter. The cost impact of this restructuring as well as other ongoing adjustments is now in place.

Other operating expenses, adjusted for timing differences, are down with NOK 11,2m or 5,5%. Driving this decrease is a reduction of cost of premises of NOK 5,9m (moving to new premises in Oslo) as well as reduced use of consultants and hired personnel (NOK 2,4m). Bad debt is year to date at 2,3% of net operating revenue as compared to same period prior year 2,1%.

### International

International operations had a spending decrease for the first 2 quarters of NOK 12,6m or 6,8% as compared to prior year. Adjusting for portfolio changes (discontinuation of the Spanish operations) and timing differences the spending is in line with prior year.

## **EBITDA**

Consolidated EBITDA was at NOK 177,4m for the quarter, which is NOK 70,6m or 66,1% above prior year. Year to date EBITDA was at NOK 404,9m, which is NOK 89,7m or 28,4% above prior year. Adjusted for portfolio changes and timing differences, the year to date EBITDA improvement is NOK 81,0m.

*Norway* had an increase in EBITDA of NOK 67,2m, or 17,6%, year to date. Adjusted for timing differences, the increase was 14,4%. Second quarter increase in EBITDA, adjusted for timing differences, was 50,2%.

*International operations* reduced the loss for the quarter with 23,3% to NOK 13,8m. Year to date the loss was NOK 43,5m, which is 34,1% below prior year.

## **Financial Items**

Net financial items for the first two quarters were a cost of NOK 415,2m, compared to same period prior year cost of NOK 195,8m. Included in this cost are non-cash based interest expenses of NOK 126,6m (2002 H1: NOK 109,1m) and unrealised foreign currency loss on senior loans of NOK 172,5m (2002 H1: net gain NOK 96,2m).

## **Cash Flow**

Quarter consolidated cash flow from operating activities, before interest payments of NOK 60,7m, was NOK 138,2m (Norway: NOK 135,9m), compared to prior year NOK 2,8m. Year to date consolidated cash flow from operating activities, before interest payments of NOK 166,5m, was NOK 304,1m, up 69,5% from prior year NOK 179,4m. The improvement is driven by both EBITDA and working capital.

The company has paid a surplus cash repayment in relation to the senior credit agreement of NOK 107,2m, driving year to date net change in cash and cash equivalents to negative NOK 28,0m (Norway negative NOK 11,1m).

Cash transfer from Norway (Restricted Group) to International has been NOK 10,0m year to date and for the quarter.

Cash position at the end of the quarter was NOK 420,8m (Norway: NOK 355,6m). In addition, the company has an unused revolving credit facility of NOK 400m.

## **Note to pro forma adjustments**

These accounts are prepared according to Norwegian GAAP. 2003 accounts are unadjusted financial accounts, while 2002 accounts are pro forma accounts adjusted for purchase accounting adjustments as follows:

In connection with the purchase price allocation for the acquisition of Findexa AS by TPG, printed directories in progress were 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 periods was less than during the predecessor periods until those directories had 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 was less than the predecessor period. For the full year 2002, these adjustments resulted in a decrease in revenue of NOK 36,1m (YTD Q2: NOK 30,3m) and an increase in operating expenses of NOK 171,2m (Q1: NOK 156,7m). The pro forma income statement reflects adjustments for the year 2002 to remove the one-time effects of these purchase accounting adjustments.

## **SEC filing and further information**

Findexa will, at August 14, 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 release, may be accessed at:

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

Oslo, August 14, 2003

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This report has not been reviewed by the company's auditors.

## CONSOLIDATED INCOME STATEMENT - PRO FORMA

Unaudited - Norwegian GAAP (NOK million)	April - June		January - June	
	2003	2002	2003	2002
Operating revenue	522,5	501,6	1 063,8	1 032,8
Gain on disposal of fixed assets and operations	0,0	0,2	0,1	0,2
<b>Total revenue</b>	<b>522,5</b>	<b>501,8</b>	<b>1 063,8</b>	<b>1 033,0</b>
Cost of materials and printing	51,3	62,2	95,9	114,4
<b>Contribution margin</b>	<b>471,2</b>	<b>439,6</b>	<b>967,9</b>	<b>918,6</b>
Salaries and personnel costs	154,1	176,4	288,5	314,5
Other operating expenses	139,7	156,4	274,5	288,8
Impairment of fixed assets	0,0	0,0	0,0	0,0
<b>Total expenses</b>	<b>293,8</b>	<b>332,8</b>	<b>563,0</b>	<b>603,4</b>
<b>EBITDA</b>	<b>177,4</b>	<b>106,8</b>	<b>404,9</b>	<b>315,2</b>
<b>NORWAY</b>				
Operating revenue	396,9	379,7	908,0	875,7
Gain on disposal of fixed assets and operations	0,0	0,0	0,0	0,0
<b>Total revenue</b>	<b>396,9</b>	<b>379,7</b>	<b>908,0</b>	<b>875,7</b>
Cost of materials and printing	26,5	30,5	68,4	75,6
<b>Contribution margin</b>	<b>370,4</b>	<b>349,2</b>	<b>839,6</b>	<b>800,1</b>
Salaries and personnel costs	88,7	116,6	196,5	216,8
Other operating expenses	90,6	107,8	194,6	202,1
Impairment of fixed assets	0,0	0,0	0,0	0,0
<b>Total expenses</b>	<b>179,3</b>	<b>224,4</b>	<b>391,1</b>	<b>418,9</b>
<b>EBITDA</b>	<b>191,2</b>	<b>124,8</b>	<b>448,4</b>	<b>381,2</b>
<b>INTERNATIONAL</b>				
<u>Operating revenue:</u>				
Western Europe	85,4	82,0	107,0	109,5
Central Europe	7,8	7,1	11,6	11,3
Eastern Europe	32,3	33,1	37,2	36,6
Eliminations & Other	0,0	(0,3)	0,1	(0,3)
Operating revenue	125,5	121,9	155,8	157,1
Gain on disposal of fixed assets and operations	0,0	0,2	0,1	0,2
<b>Total revenue</b>	<b>125,6</b>	<b>122,1</b>	<b>155,9</b>	<b>157,3</b>
Cost of materials and printing	24,8	31,7	27,5	38,8
<b>Contribution margin</b>	<b>100,8</b>	<b>90,4</b>	<b>128,4</b>	<b>118,5</b>
Salaries and personnel costs	65,4	59,7	92,0	97,7
Other operating expenses	49,1	48,6	79,9	86,8
Impairment of fixed assets	0,0	0,0	0,0	0,0
<b>Total expenses</b>	<b>114,5</b>	<b>108,4</b>	<b>171,9</b>	<b>184,5</b>
<b>EBITDA</b>	<b>(13,8)</b>	<b>(18,0)</b>	<b>(43,5)</b>	<b>(66,0)</b>

## CONSOLIDATED INCOME STATEMENT

Unaudited - Norwegian GAAP (NOK million)	April - June		January - June	
	2003	2002	2003	2002
<b>Pro Forma EBITDA</b>	<b>177,4</b>	<b>106,8</b>	<b>404,9</b>	<b>315,2</b>
<b>Pro Forma Adjustments:</b>				
Total revenue	0,0	(11,0)	0,0	(30,3)
Total expenses	0,0	(42,6)	0,0	(156,7)
<b>EBITDA</b>	<b>177,4</b>	<b>53,3</b>	<b>404,9</b>	<b>128,3</b>
Depreciation and amortization	125,5	160,8	269,7	317,6
<b>EBIT / Operating profit (loss)</b>	<b>51,9</b>	<b>(107,5)</b>	<b>135,2</b>	<b>(189,3)</b>
Income / (loss) from associated companies	1,3	1,3	3,3	2,1
Net financial items	(172,3)	(93,3)	(415,2)	(195,8)
<b>Income before taxes</b>	<b>(119,1)</b>	<b>(199,5)</b>	<b>(276,6)</b>	<b>(383,0)</b>
Taxes	17,4	45,3	40,6	87,1
Minority interest	0,0	0,8	0,0	1,8
<b>Net profit / (loss)</b>	<b>(101,6)</b>	<b>(153,4)</b>	<b>(236,0)</b>	<b>(294,0)</b>

## CONSOLIDATED BALANCE SHEET

Unaudited - Norwegian GAAP (NOK million)	June 30, 2003		December 31, 2002	
	Consolidated	Norway	Consolidated	Norway
<b>ASSETS</b>				
Intangible assets	4 895,0	4 488,9	5 157,5	4 728,1
Tangible assets	49,5	35,5	51,1	38,1
Financial assets	47,8	660,1	44,4	666,7
<b>Total fixed assets</b>	<b>4 992,3</b>	<b>5 184,6</b>	<b>5 253,0</b>	<b>5 432,9</b>
Inventories and work in progress	34,2	23,4	35,3	29,6
Current receivables	660,5	469,7	437,5	259,8
Cash and cash equivalents	420,8	355,6	448,9	371,3
<b>Total current assets</b>	<b>1 115,5</b>	<b>848,7</b>	<b>921,6</b>	<b>660,8</b>
<b>Total assets</b>	<b>6 107,8</b>	<b>6 033,3</b>	<b>6 174,7</b>	<b>6 093,6</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Shareholder's equity	(215,8)	101,5	31,6	285,1
Minority Interest	0,0	0,0	0,0	0,0
<b>Total equity</b>	<b>(215,8)</b>	<b>101,5</b>	<b>31,6</b>	<b>285,1</b>
<b>Liabilities</b>				
Provisions	479,6	435,8	522,1	478,2
Long-term interest-bearing liabilities	4 858,6	4 858,4	4 778,1	4 772,8
<b>Total long-term liabilities</b>	<b>5 338,2</b>	<b>5 294,3</b>	<b>5 300,2</b>	<b>5 251,0</b>
Short-term interest-bearing liabilities	224,9	204,2	168,3	150,0
Short-term non-interest-bearing liabilities	760,6	433,4	674,5	407,6
<b>Total short-term liabilities</b>	<b>985,5</b>	<b>637,5</b>	<b>842,8</b>	<b>557,6</b>
<b>Total equity and liabilities</b>	<b>6 107,8</b>	<b>6 033,3</b>	<b>6 174,7</b>	<b>6 093,6</b>
<b>CAPEX</b>	<b>13,4</b>	<b>5,8</b>	<b>26,5</b>	<b>16,4</b>

## CONSOLIDATED CASH FLOW

Unaudited - Norwegian GAAP (NOK million)	April - June		January - June	
	2003	2002	2003	2002
<b>Cash flow from operating activities</b>				
Income (loss) before taxes	(119,1)	(199,5)	(276,6)	(383,0)
Taxes paid	0,0	(7,4)	0,0	(7,4)
Depreciations, amortizations and impairments	128,7	164,9	276,9	325,6
Other Items	8,0	11,2	23,9	21,2
<b>Cash flow from operating activities before working capital changes</b>	<b>17,7</b>	<b>(30,8)</b>	<b>24,2</b>	<b>(43,6)</b>
Working Capital Changes	59,8	(20,4)	113,3	100,8
<b>Net cash flow from (used in) operating activities</b>	<b>77,5</b>	<b>(51,2)</b>	<b>137,6</b>	<b>57,2</b>
<b>Cash flow from investment activities</b>				
Net cash paid on acquisitions	0,0	(81,4)	0,0	(81,4)
Net purchase and proceeds from other investments	(4,8)	(0,7)	(13,4)	(1,6)
<b>Net cash flow from investment activities</b>	<b>(4,8)</b>	<b>(82,1)</b>	<b>(13,4)</b>	<b>(83,0)</b>
<b>Cash flow from financing activities</b>				
Net change in loans	(107,2)	2,2	(157,2)	(8,6)
Payment of group contribution (dividend to shareholder)	0,0	0,0	0,0	0,0
<b>Net cash flow from (used in) financing activities</b>	<b>(107,2)</b>	<b>2,2</b>	<b>(157,2)</b>	<b>(8,6)</b>
<b>Effect on cash and cash equivalents of changes in foreign exchange rates</b>	<b>2,2</b>	<b>(1,6)</b>	<b>5,0</b>	<b>(2,2)</b>
<b>Net change in cash and cash equivalents</b>	<b>(32,3)</b>	<b>(132,7)</b>	<b>(28,0)</b>	<b>(36,7)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>453,1</b>	<b>432,5</b>	<b>448,9</b>	<b>336,5</b>
<b>Cash and cash equivalents at period end</b>	<b>420,8</b>	<b>299,8</b>	<b>420,8</b>	<b>299,8</b>



## CASH FLOW BY SEGMENT

Unaudited - Norwegian GAAP (NOK million)	Apr - Jun 2003		Jan - Jun 2003	
	Norway	Int'l	Norway	Int'l
<b>Cash flow from operating activities</b>				
Income (loss) before taxes	(88,4)	(30,7)	(193,6)	(83,0)
Taxes paid	0,0	0,0	0,0	0,0
Depreciations, amortizations and impairments	114,0	14,7	247,6	29,3
Other Items	2,9	5,1	18,1	5,8
<b>Cash flow from operating activities before working capital changes</b>	<b>28,5</b>	<b>(10,9)</b>	<b>72,1</b>	<b>(47,9)</b>
Working Capital Changes	46,7	13,1	89,7	23,6
<b>Net cash flow from (used in) operating activities</b>	<b>75,2</b>	<b>2,3</b>	<b>161,9</b>	<b>(24,3)</b>
<b>Cash flow from investment activities</b>				
Net cash paid on acquisitions	0,0	0,0	0,0	0,0
Net purchase and proceeds from other investments	(0,1)	(4,7)	(5,8)	(7,6)
<b>Net cash flow from investment activities</b>	<b>(0,1)</b>	<b>(4,7)</b>	<b>(5,8)</b>	<b>(7,6)</b>
<b>Cash flow from financing activities</b>				
Net change in loans	(117,2)	10,0	(167,2)	10,0
Payment of group contribution (dividend to shareholder)	0,0	0,0	0,0	0,0
<b>Net cash flow from (used in) financing activities</b>	<b>(117,2)</b>	<b>10,0</b>	<b>(167,2)</b>	<b>10,0</b>
<b>Effect on cash and cash equivalents of changes in foreign exchange rates</b>	<b>0,0</b>	<b>2,2</b>	<b>0,0</b>	<b>5,0</b>
<b>Net change in cash and cash equivalents</b>	<b>(42,1)</b>	<b>9,8</b>	<b>(11,1)</b>	<b>(16,9)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>397,6</b>	<b>55,5</b>	<b>366,7</b>	<b>82,2</b>
<b>Cash and cash equivalents at period end</b>	<b>355,6</b>	<b>65,3</b>	<b>355,6</b>	<b>65,3</b>

## FINANCING - CONSOLIDATED

Unaudited - Norwegian GAAP (NOK million)	April - June		January - June	
	2003	2002	2003	2002
<b>Financial Items</b>				
Non-Cash based interest expenses	(65,0)	(55,6)	(126,6)	(109,1)
Cash based interest expenses senior loans	(72,4)	(82,3)	(157,6)	(163,5)
Foreign currency income / (loss) on long term loans	(64,8)	50,7	(172,5)	96,2
Other financial items	29,9	(6,0)	41,5	(19,4)
<b>Net financial items</b>	<b>(172,3)</b>	<b>(93,3)</b>	<b>(415,2)</b>	<b>(195,8)</b>
<b>Long Term Loans</b>				
Senior Credit Agreement			2 067,8	2 275,0
High Yield Bond			1 196,9	1 075,3
Deferred Coupon Notes			280,0	218,7
Shareholder Loan			1 517,9	1 311,0
<b>Total long term loans</b>			<b>5 062,6</b>	<b>4 880,0</b>

## OPERATIONAL DATA - NORWAY

Unaudited - Norwegian GAAP (NOK million)	April - June		January - June	
	2003	2002	2003	2002
<b>Revenue by Brand</b>				
Yellow Pages	213,2	215,5	505,0	524,3
Other Brands	159,7	148,3	363,7	315,6
Other Revenues	44,7	31,8	80,1	70,6
Gross operating revenue	417,5	395,6	948,8	910,5
<b>Customer credits</b>				
Customer credits	(16,3)	(16,0)	(36,3)	(34,8)
Net operating revenue	401,2	379,7	912,5	875,7
Customer credits (% of gross operating revenue)	3,9 %	4,0 %	3,8 %	3,8 %
<b>Bad debt expense</b>				
Bad debt expense	4,2	8,3	21,4	18,3
Bad debt (% of net operating revenue)	1,1 %	2,2 %	2,3 %	2,1 %