



Chicago, USA

# JCDecaux

*showcasing the world*

## First Half 2003 Results

15 September 2003





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# **Business Overview**

**Jean-François Decaux**

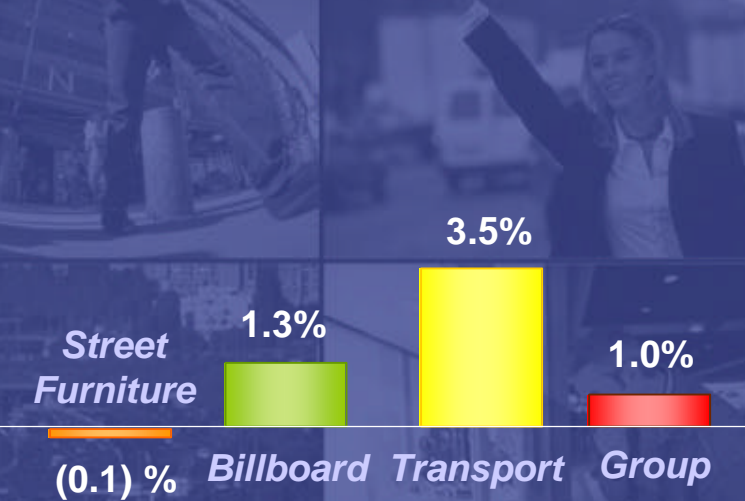
*Chairman of the Board and co-CEO*



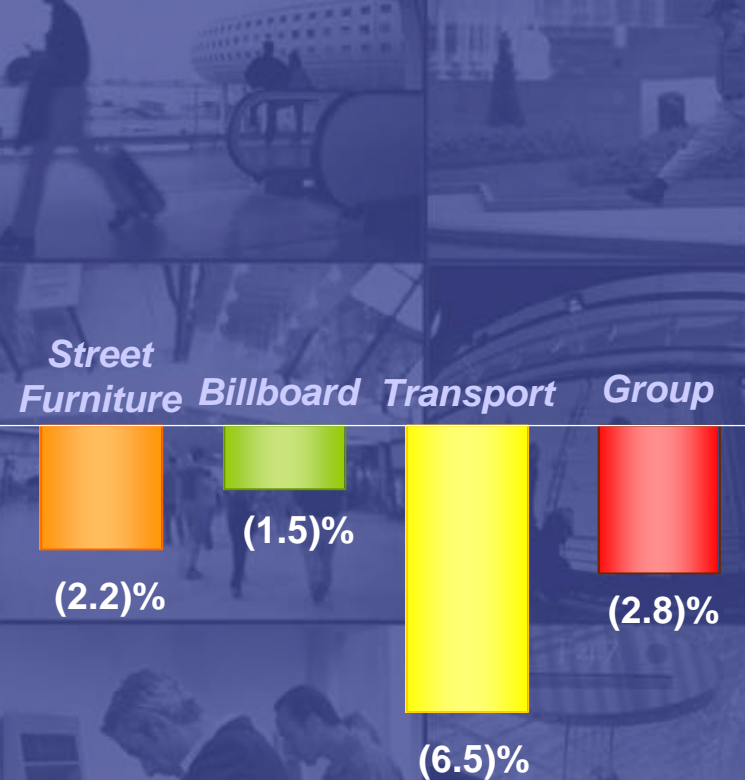
- Reported revenues down 2.8% at €758.2 million but organic revenues up 1.0%, despite challenging advertising market conditions in Europe
- EBITDA margin maintained (25.9%) ; improved operating margin (14.6%)
- Free cash flow doubled to €67.9 million
- Good progress on recent contracts and in new regions
- Strengthened leading position in Central Europe

**Solid operating performance**

### Organic growth (%)



### Reported growth (%)



Note: organic growth = excluding acquisitions / adjusted for currency



Year-on-Year change (%)



JCDecaux is gaining share of FMCG advertising spend

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## **Chicago** **strong start in ad sales**



- 650 bus shelters installed  
(1 300 advertising faces)  
= 40% of total inventory
- Net average selling price  
per panel for 4 weeks :

**\$1 200 / panel**

**One of the highest  
Street Furniture rates  
in the world**



### Los Angeles



- 1 250 bus shelters (2 500 advertising faces) in existing Viacom-Decaux bus shelter network
- Delay in the installation of additional advertising street furniture

### Vancouver



- 120 bus shelters installed (240 advertising faces) = 20% of inventory

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## **South America #1 in Outdoor in Chile**



**Subway, Santiago de Chile**

- In 18 months JCDecaux has become #1 in outdoor advertising in Chile with a 25% market share
- The subway contract in Santiago de Chile (10 years) is attracting new advertising sectors to outdoor advertising (250 million passengers/year)



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# Asia-Pacific: Strong organic growth in Street Furniture



Sydney



Bangkok



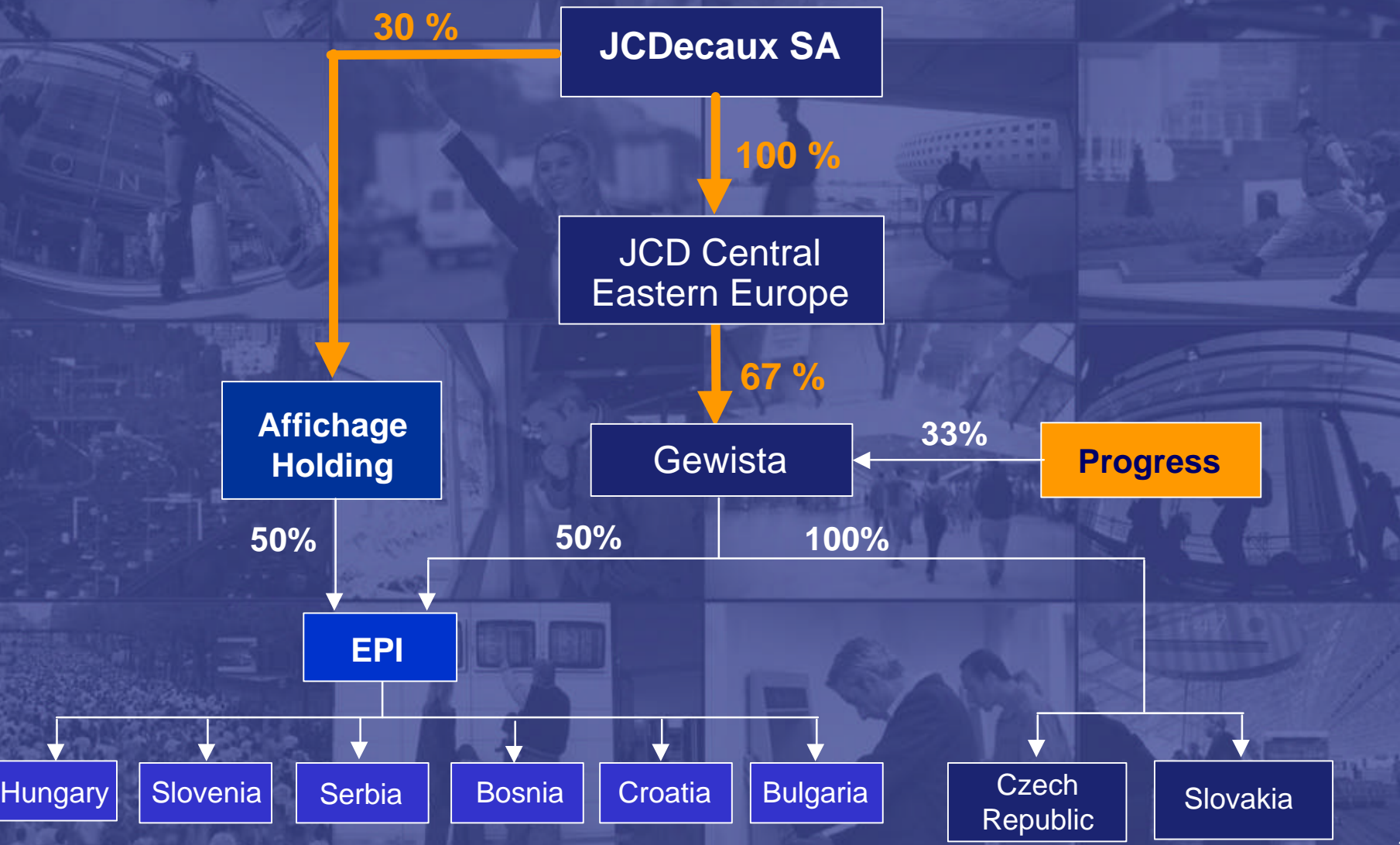
Seoul

**Double-digit organic revenue growth in Street Furniture in Australia, Thailand & Korea**

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# JCDecaux strengthens its position in Central Europe

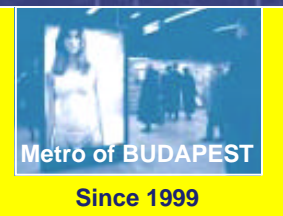




# JCDecaux

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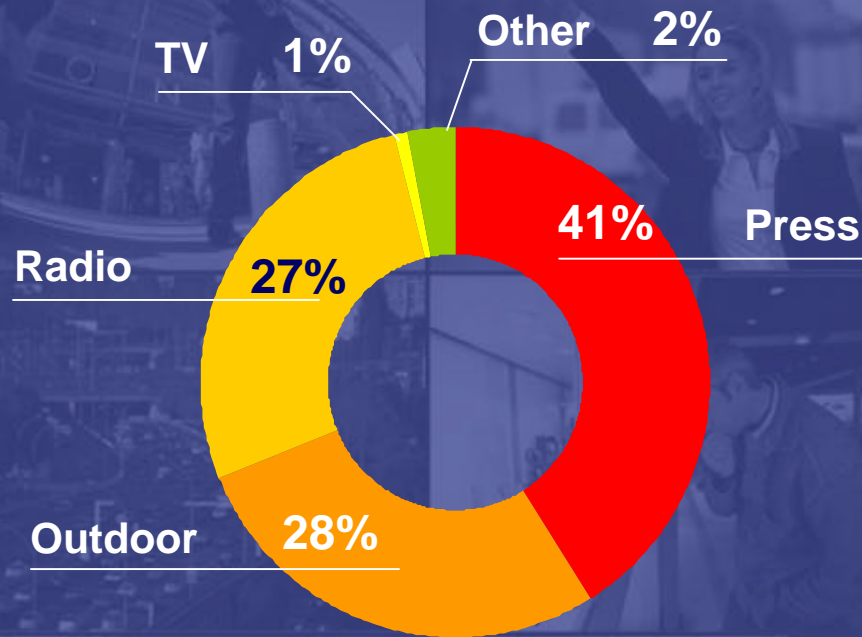
## Building a unique platform for growth in Central Europe



JCDecaux already operates in 8 out of the 10 countries which will join the European Union in 2004

JCDECAUX present in these countries since 2001

### Breakdown of retail advertising spend



**Market size: €1.8 billion**

### Proposed Timing

- A phased approach:
  - 01.01.2004 : Theme TVs only
  - 01.01.2007 : Free-to-air TV

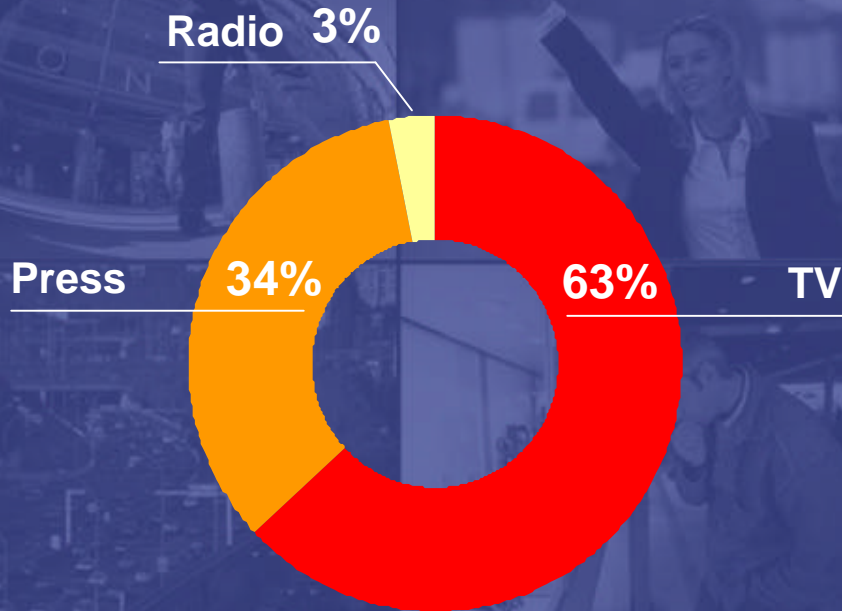
### Potential impact on JCDecaux

- €64M in 2002 :
  - 11 % of revenues in France
  - 4 % of Group revenues
- 1/3 of ads are long-term campaigns - signage for retail outlets not at risk
- Outside of France, JCDecaux generates substantial revenues from retail advertising



# Potential changes in pharmaceutical advertising in US

## Breakdown of advertising spend for drugs / pharmaceuticals



**Market size: \$210 million**

- In the United States, limits on use of outdoor in pharmaceutical advertising could be lifted soon
- This summer, the pharmaceutical industry received verbal approval from the FDA for product claim and drug ads on outdoor at pedestrian level, such as on bus shelters, in airports and in shopping malls
- This is expected to open up opportunities in a relatively new and growing advertising sector



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# Financial Highlights

**G rard Degonse**

*Chief Financial Officer*



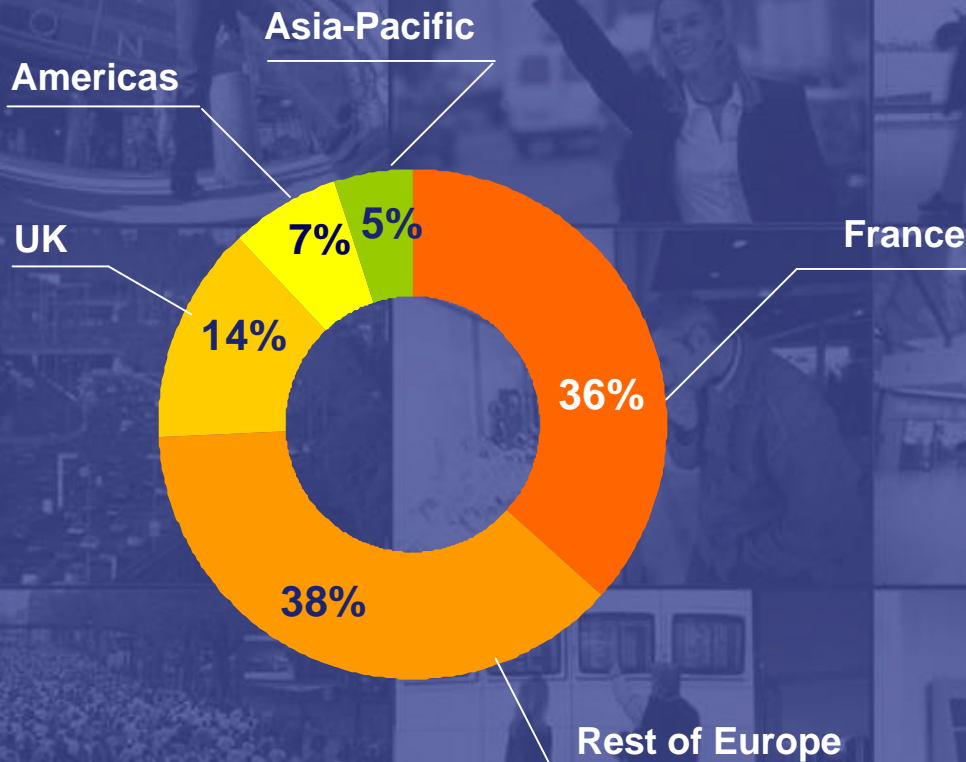
(In million €, except %)

	H1 2003	H1 2002	% change
▶ Revenues	758.2	779.9	(2.8)%
▶ Operating costs	(562.0)	(579.7)	
▶ EBITDA	196.2	200.2	(2.0)%
▶ Depreciation	(85.9)	(94.0)	
▶ Operating income	110.3	106.2	3.9%
▶ Financial income	(15.8)	(19.5)	
▶ Profit before tax and goodwill	94.5	86.7	9.0%
▶ Exceptional items	0.2	(1.4)	
▶ Tax	(37.9)	(35.2)	
▶ Equity affiliates	2.4	2.8	
▶ GW amortisation	(32.5)	(31.2)	
▶ Minority interests	(7.9)	(10.2)	
▶ Net income Group share	18.8	11.5	63.5%
▶ Adjusted net income <sup>(1)</sup>	51.1	44.1	15.9%

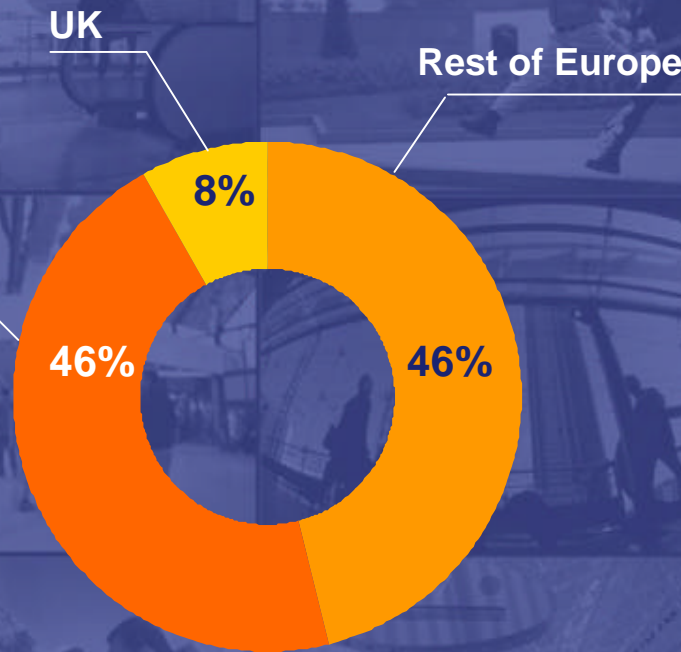
(1) Adjusted net income = net income Group Share + GW amortisation - Exceptional items

## Revenue/EBITDA breakdown by region

### Revenues (% of Total)



### EBITDA (% of Total)

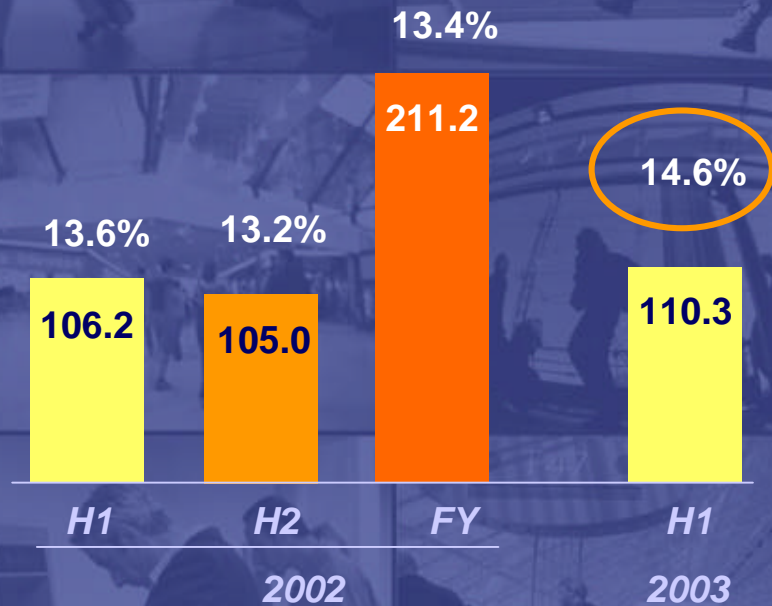
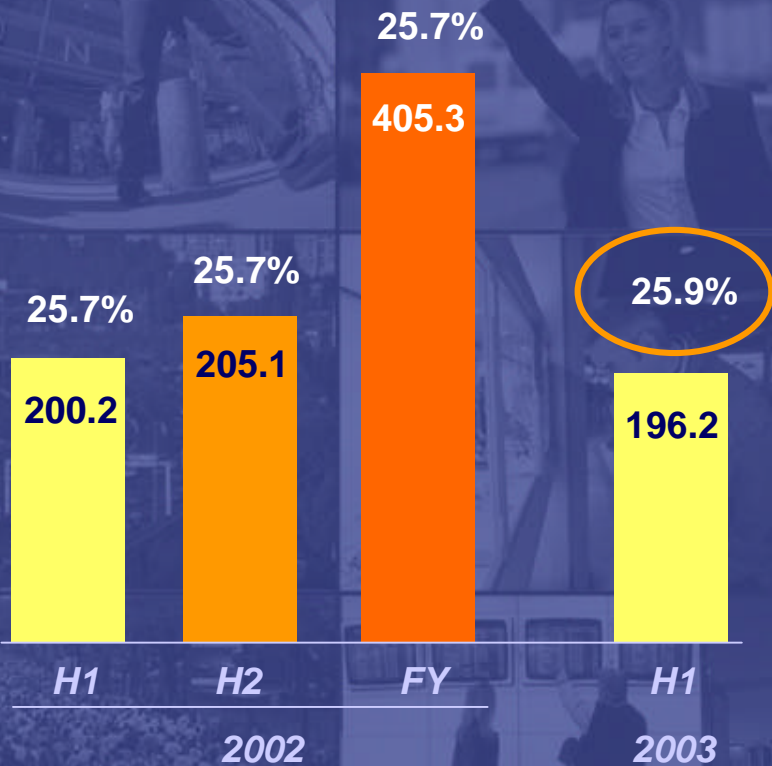




(In million €, except %)

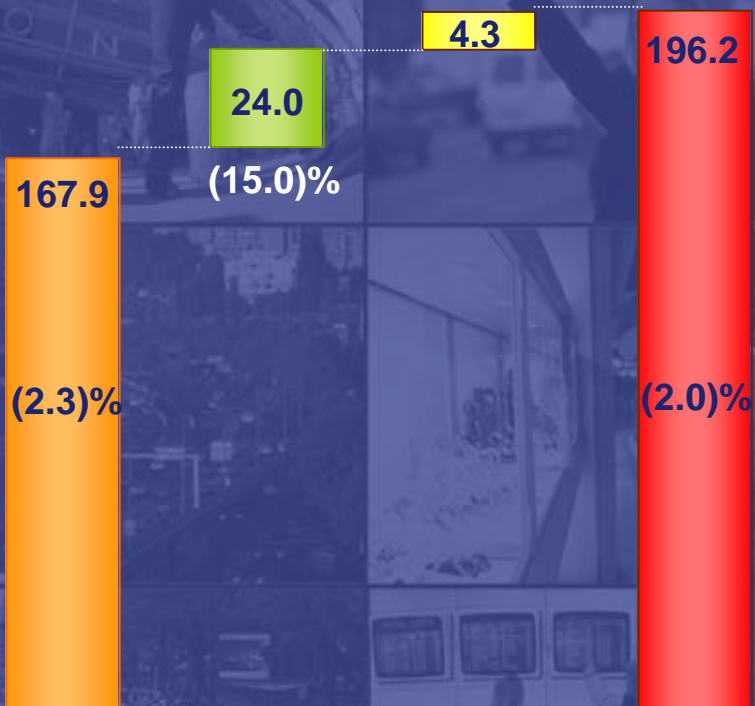
### EBITDA

### Operating income (EBITA)



(In million €, except %)

### EBITDA



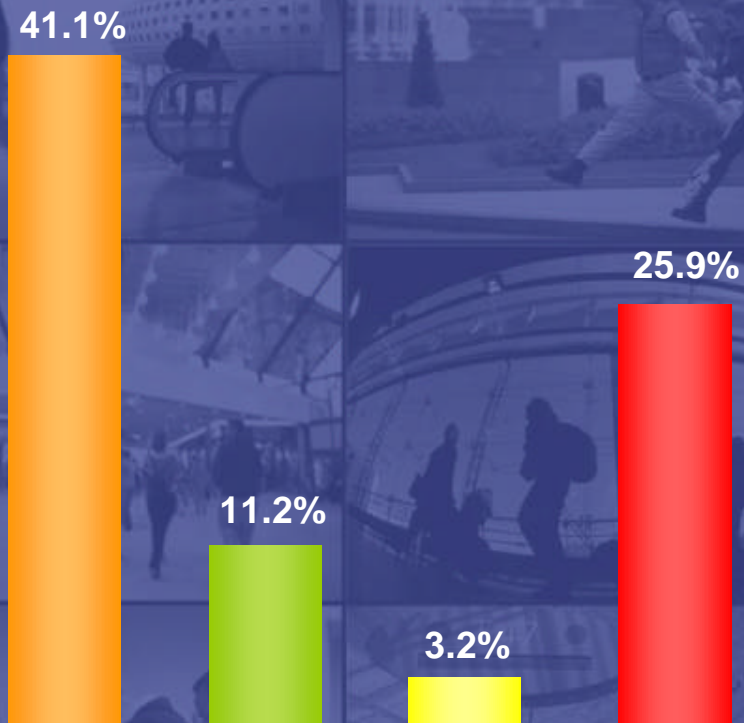
Street Furniture

Billboard

Transport

Total Group

### EBITDA margin (%)



Street Furniture

Billboard

Transport

Total Group



(In million €, except %)

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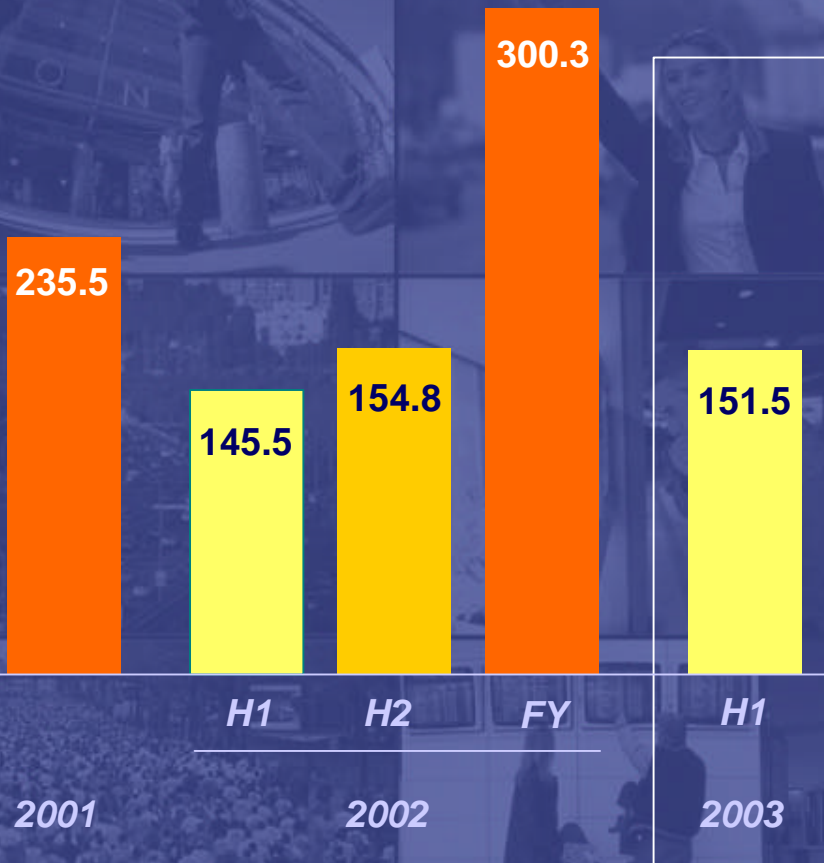
(In million €)

	H1 2003	H1 2002
▶ Funds from operations	151.5	145.5
▶ Change in operating WC	(21.6)	(39.9)
▶ Operating cash flows	129.9	105.6
▶ Capex (net)	(62.0)	(73.8)
▶ Free Cash Flow	67.9	31.8
▶ Financial investment (net)	(4.0)	(19.2)
▶ Dividends	(7.7)	(6.5)
▶ Other	(0.6)	0.2
▶ Capital increase	-	-
▶ Change in financial net debt	(55.6)	(6.3)

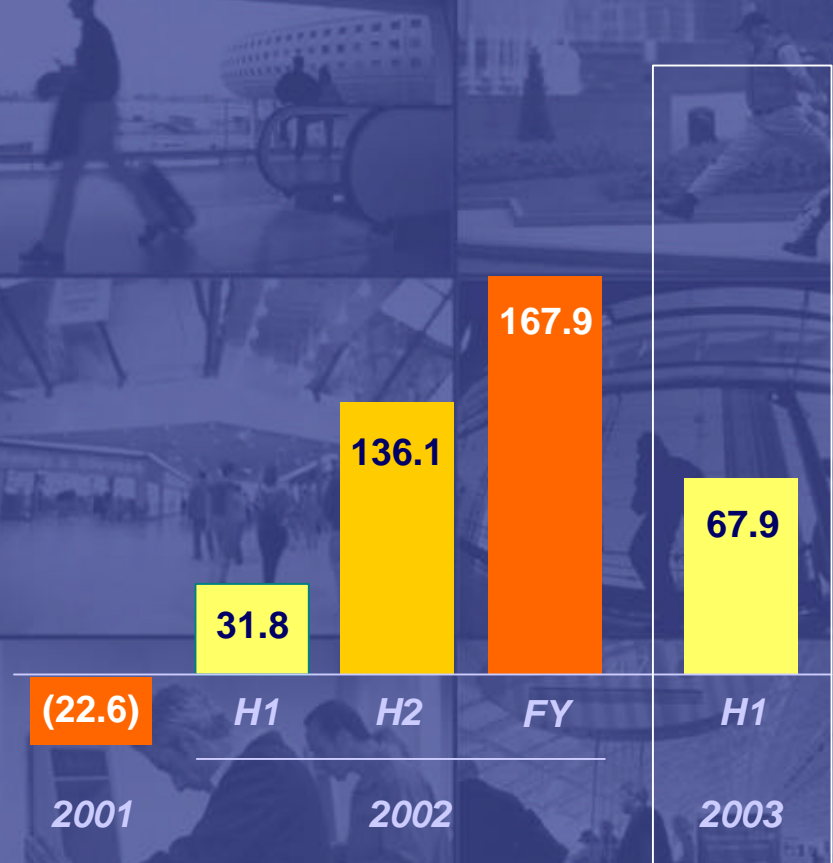


(In million €)

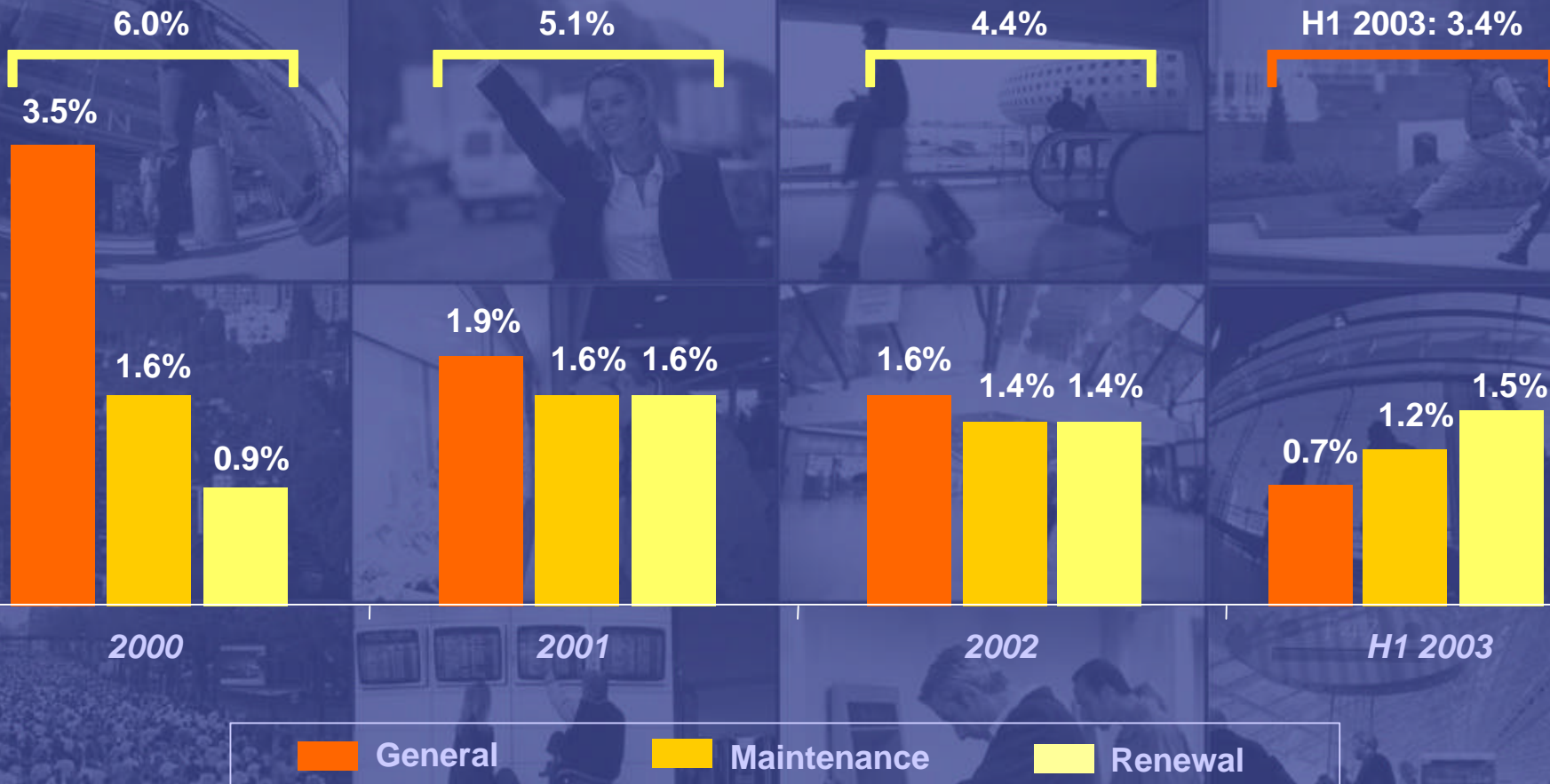
### Funds from operations



### Free Cash Flow



### Maintenance capex as a % of Group revenues

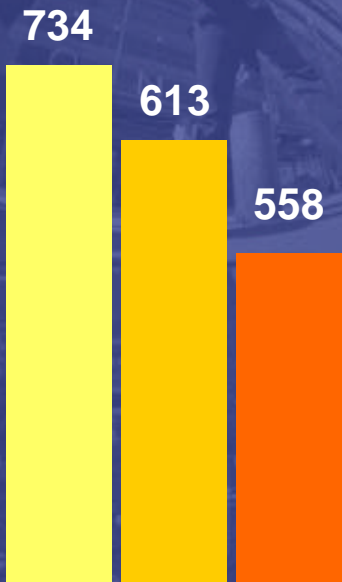


General investments = software, building extensions, vehicles, etc.

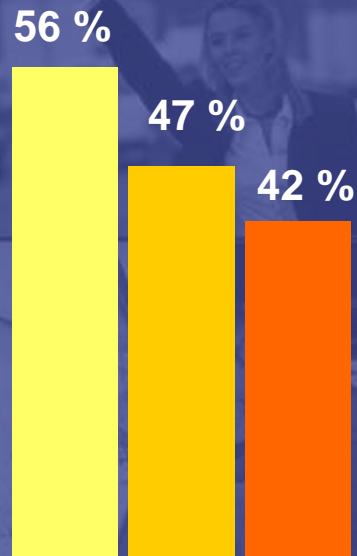
Maintenance capex = spare parts

Renewal capex = amount invested each year to renew revenues from contracts expiring during that year

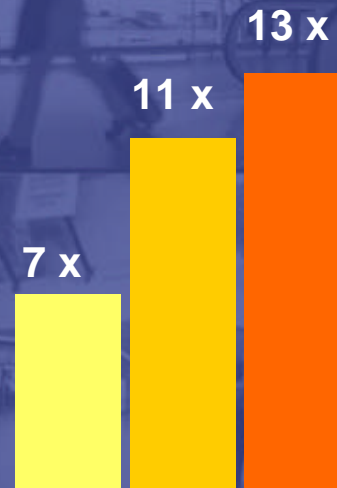




Net debt



Leverage



Interest cover



Debt maturity

FY 2001

FY 2002

H1 2003



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# Growth strategy and Outlook

**Jean-Charles Decaux**

*Co-CEO*



# Organic growth opportunities (2003-07)

## Europe

- ▶ Italy ▲ Milan, Rome
- ▶ Greece ▲ Athens

- ▶ United-Kingdom ▲ London, Birmingham

- ▶ Netherlands ▲ Rotterdam

## Central Europe

- ▶ Hungary ▲ Budapest

- ▶ Poland ▲ Warsaw

## Americas

- ▶ USA ▲ New York

- ▶ Brazil ▲ Sao Paulo

## Asia-Pacific

- ▶ Taiwan ▲ Taipei

- ▶ China ▲ Beijing



News stand, New York

19 August 2003

- Tender for 20-year Street Furniture contract approved in principle by City council, subject to regulatory change on news stand advertising
- Decision expected in 2004





Oxford Street London

### Current situation

- Clear Channel / Transport for London (TfL) 25 year bus shelter JV ends in January 2005
- Current London market share situation (in volume):
  - Clear Channel 69%
  - JCDecaux\* 20%
  - Others 11%

(\* ) JCDecaux contracts are with 19 London boroughs

- Structure of tender to be announced





Sao Paulo, Brazil

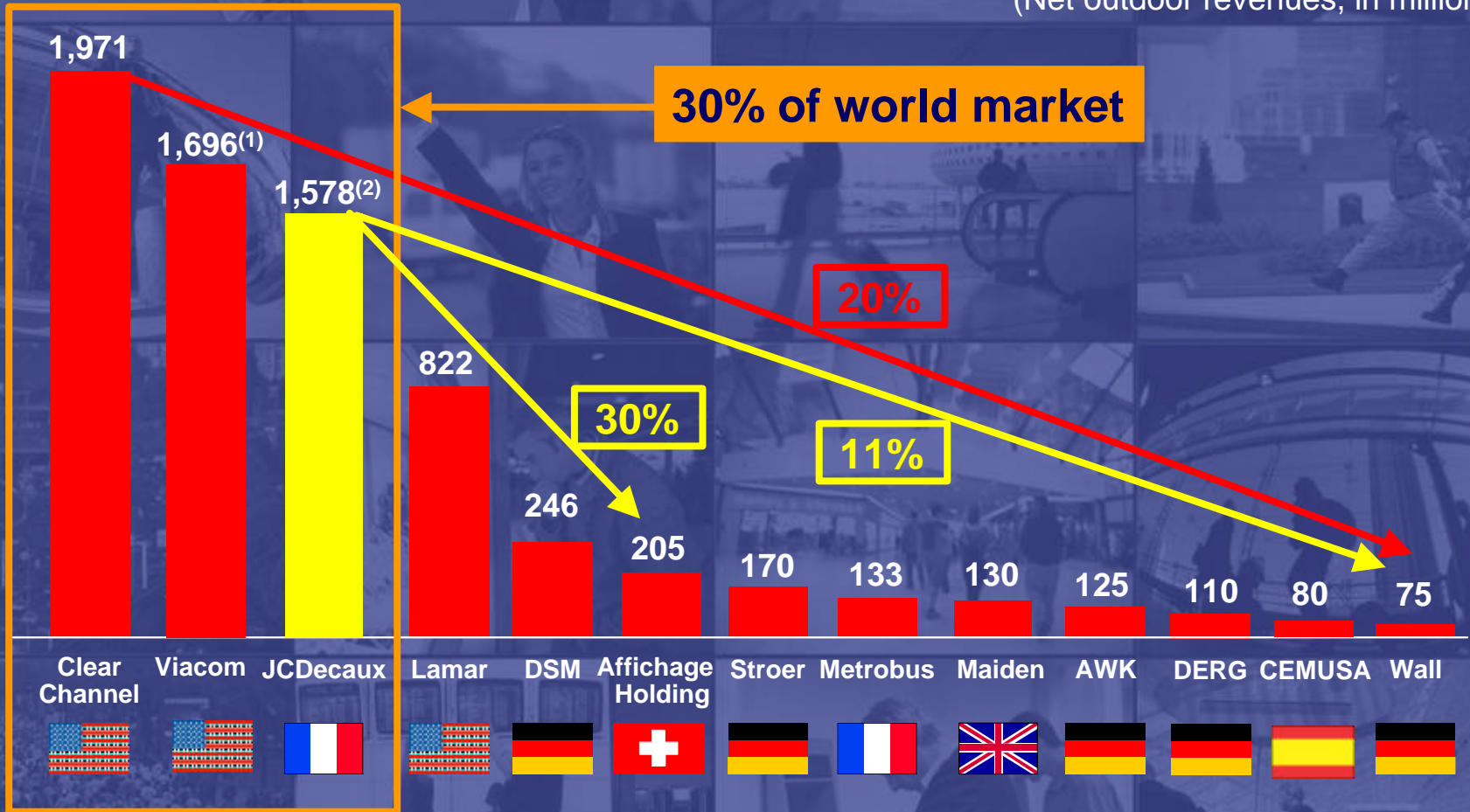
### Street Furniture tender underway

- Sao Paulo: 60% of advertising spend in Brazil
- 20 year contract for coordinated street furniture, including free standing advertising panels, clocks, flower and information kiosks, etc
- JCDecaux operates the Salvador de Bahia street furniture contract (city # 3 in Brazil)
- Decision expected in 2004



## Over €1 billion of outdoor revenue yet to be consolidated in Europe

(Net outdoor revenues, in million €)



Sources : Public company reports and JCDecaux estimates, with currency translations based on average 2002 exchange rates of 1.060 €/1\$, 1.59€/1£ and 0.681€/1CHF

(1) Analyst estimates, as Viacom did not break down Viacom Outdoor's revenues between its radio and outdoor businesses in 2002

(2) This amount does not include any revenues from Affichage Holding, a Swiss company in which JCDecaux holds a 30% stake

### JCDecaux's Street Furniture positioning in Germany

Pop. > 1 million

Berlin	Wall
✓ Hamburg	JCDecaux
✓ Munich	DSMDecaux (50/50)
✓ Cologne	JCDecaux

Pop. 0,5 to 1 million

Frankfurt	DSM
Essen	DSM
Dortmund	Rufus - Wall
✓ Stuttgart	JCDecaux
✓ Dusseldorf	JCDecaux-Wall
✓ Bremen	JCDecaux
Hanover	DSM
Duisburg	DSM
✓ Leipzig	JCDecaux
✓ Nurenburg	JCDecaux
✓ Dresden	JCDecaux

- June 2003: DSM privatization process approved at General Meeting of Shareholders
- August 2003 : indicative offers submitted
- Decision expected in 2004



**No rebound in advertising market in Europe in H2 2003  
Advertising market recovery underway in the US**

- Street Furniture organic revenues in H2 2003 broadly in line with those achieved in H1 2003
- H2 2003 Group EBITDA broadly in line with that achieved in H1 2003
- 2003 net capex around €180 million

**JCDecaux is well positioned to benefit  
from the anticipated advertising recovery in 2004**

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15 September 2003



San Francisco, USA