



**PRESENTATION OF  
2005 ANNUAL ACCOUNTS**



**PARIS**

**1 March 2006**

This document contains projections and forecasts. They express objectives based on the current assessments and estimates of the Group's general management which are subject to many factors and uncertainties. Consequently, actual figures could differ significantly from projected figures. The following factors among others set out in the Financial Report (*Document de Référence*) registered with the French Financial Markets Authority could cause actual figures to differ significantly from projected figures: unfavourable developments affecting the French and international telecommunications, audiovisual, construction, water distribution and property markets; the costs of complying with environmental, health and safety regulations and all other regulations with which Group companies are required to comply; the competitive situation on each of our markets; the impact of current or future public regulations; exchange rate risks and other risks related to international activities; risks arising from current or future litigation. Bouygues gives no commitment to updating or revising the projections and forecasts contained in this document.



- **HIGHLIGHTS**

- **BUSINESS AREAS**

- **ACCOUNTS**

- **OUTLOOK AND OBJECTIVES**

## GROUP HIGHLIGHTS IN 2005

- **Excellent share price performance**
- **Strong growth in sales and profit at the construction businesses**
- **Record level of orders taken by Bouygues Construction (+ 27%)**
- **Exceptional payout of €5 per share in January, representing 17% of the share price**
- **Increase of Bouygues' stake in Bouygues Telecom in June, following a put-and-call agreement with BNP Paribas for its stake**
- **Announcement in December by TF1, M6 and Vivendi Universal of an agreement to pool their pay-TV interests**
- **Launch by Bouygues Telecom of broadband mobile services on its national EDGE network**
- **€750 million 15-year bond issue in July 2005, raised to €1 billion in February 2006**

# BOUYGUES GROUP: key operating figures

Million euros - IFRS	2004	2005	Change
Sales	20,894	24,073 <sup>(1)</sup>	+ 15%
Current operating profit	1,557	1,852	+ 19%
Net profit attributable to the Group	909	832	- 8%
Net profit excl. capital gain from disposal of Saur	700	832	+ 19%

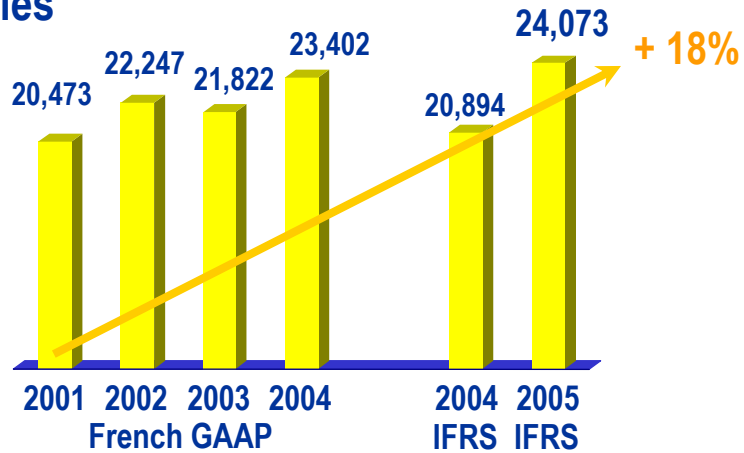
<sup>(1)</sup> €24,439 million including TPS, a held-for-sale business at end-December 2005

NB: As TPS was held for sale at end-December 2005, only its share of net profit in 2004 and 2005 was booked

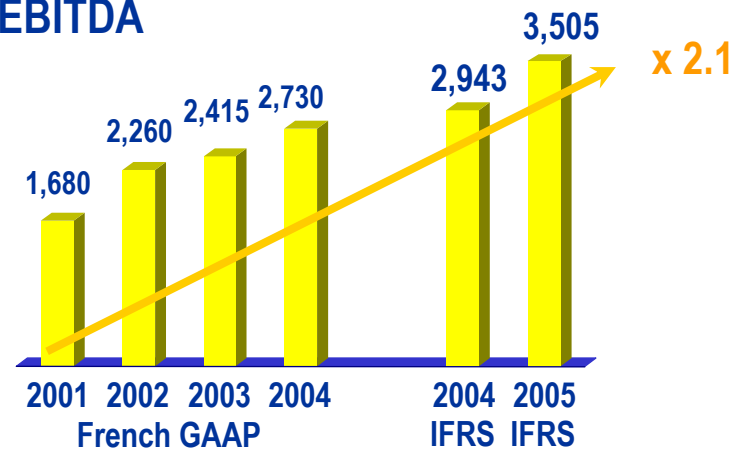
***Strong rise in sales and profit***

# BOUYGUES: key figures over 5 years (million euros)

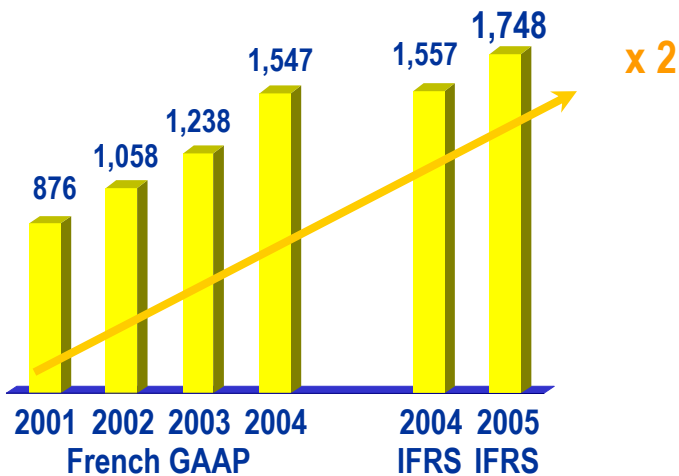
## Sales



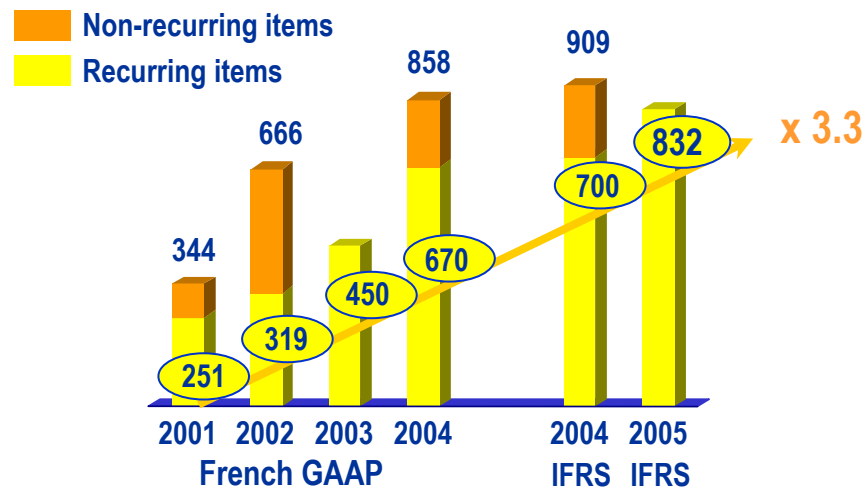
## EBITDA



## Operating profit



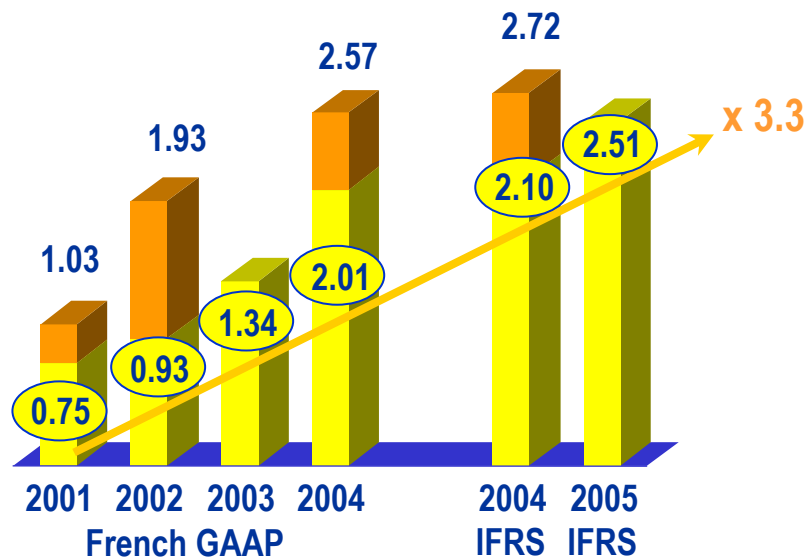
## Net profit



**Recurring net profit tripled between 2001 and 2005**

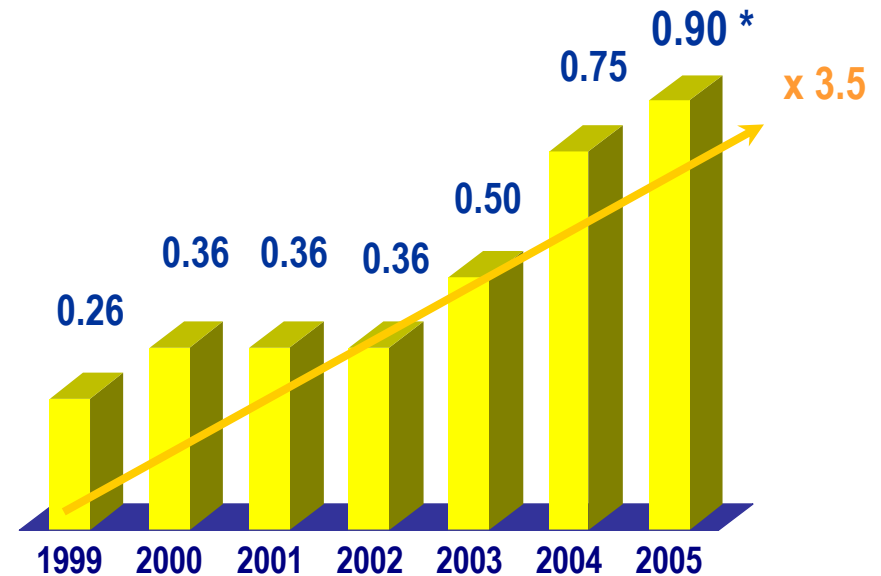
# BOUYGUES GROUP: key figures per share (in euros)

## Net profit per share



- Non recurring items
- Recurring items

## Dividend per share (excluding exceptional payout)



\* To be proposed at the AGM of 27 April 2006

*The increase in the dividend  
reflects our confidence in the future*

## BOUYGUES GROUP: debt situation

Million euros - IFRS	2004	2005
Shareholders' equity	4,978	5,561
Net book debt	1,875	2,352
Restated net debt	2,508	
Restated net debt / shareholders' equity	50%	42%

- ✓ Standard & Poor's credit rating maintained: A- with stable outlook
- ✓ Restated net debt at end-2004 included the exceptional payout of €1.7 billion, and the proceeds from the disposal of Saur (€1 billion), both completed at the beginning of 2005
- ✓ Net debt at end-2005 includes €460 million on account of the agreement signed with BNP Paribas for its stake in Bouygues Telecom

***Group financial structure remains solid***



## BOUYGUES GROUP: free cash flow

Million euros - IFRS	2004	2005
Cash flow	2,714	3,090
- Cost of net financial debt	- 159	- 187
- Income tax *	- 501	- 570
- Net operating investment	- 1,047	- 1,229
Free cash flow	1,007	1,104

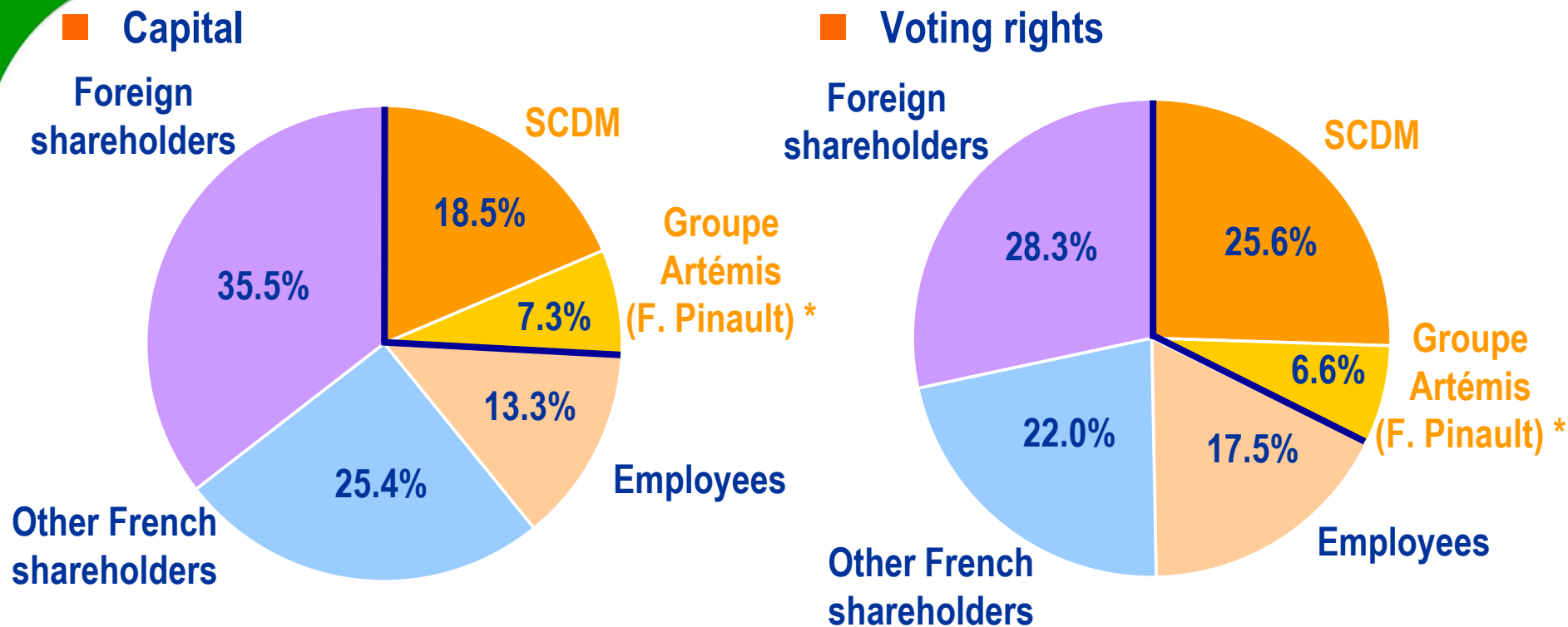
(\*) income tax expense for the year, including deferred tax (€185m in 2004 and €166m in 2005)

*Increasing generation of free cash flow*

## BOUYGUES GROUP: employee share ownership

- **Success of Bouygues Confiance 3, a new capital increase reserved for employees, in the amount of €250 million.**
  - ✓ 25,000 employees or 40% of eligible employees subscribed to the plan
  - ✓ The operation was oversubscribed by 60%
  - ✓ This success demonstrated employee confidence in the Group's future
  - ✓ €250 million were earmarked for the program to buy back shares with a view to cancelling them
  - ✓ €30 million were booked as personnel costs
- **Following this operation, employees held 13.3% of the capital and 17.5% of the voting rights.**
- **Bouygues is the leading company of the CAC 40 index in terms of employee share ownership.**

# BOUYGUES: share ownership structure at 15 February 2006



At 15 February 2006:

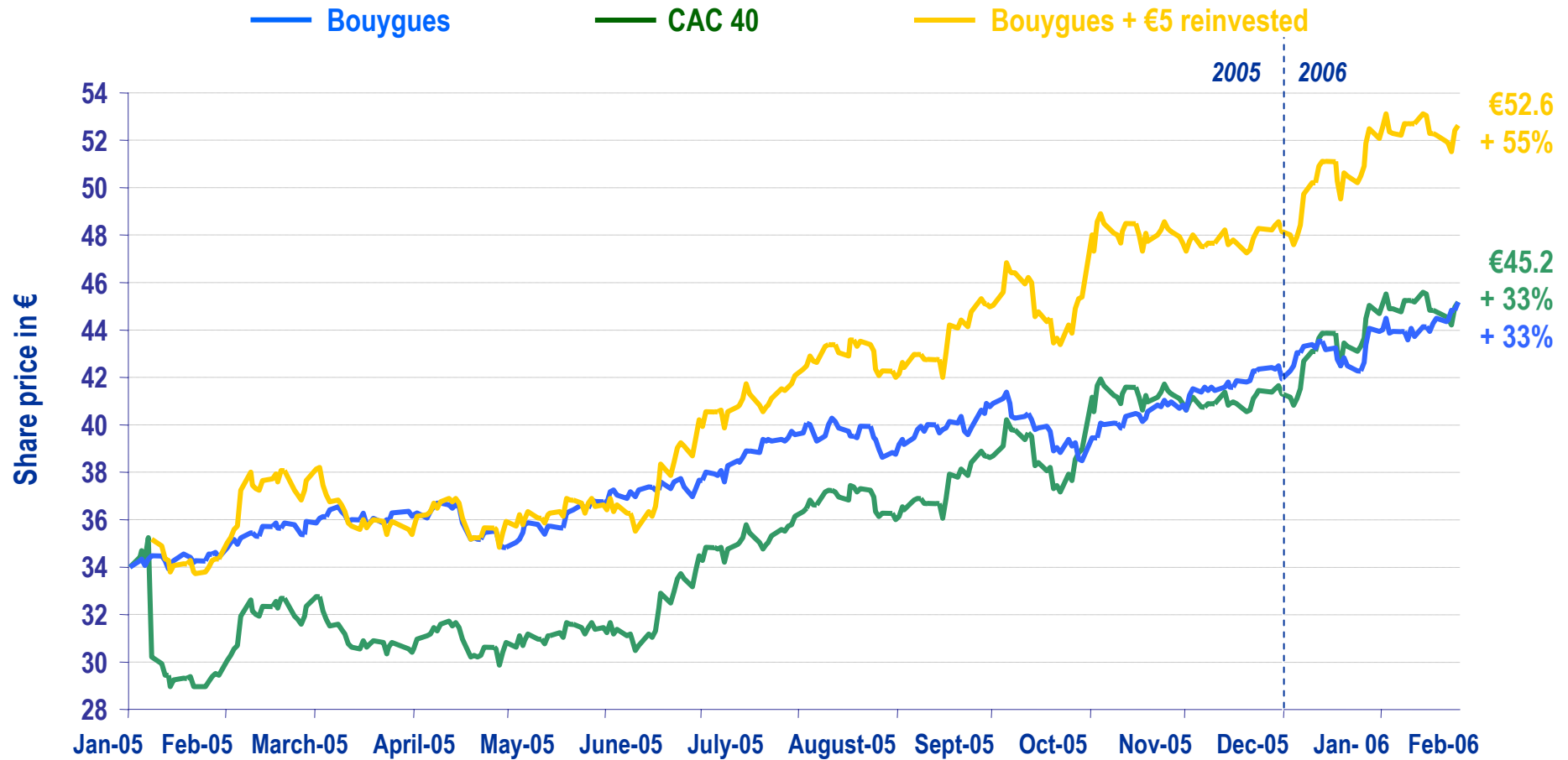
- 337,150,519 shares
- 423,787,714 voting rights

SCDM is a company controlled by Martin and Olivier Bouygues. SCDM and Groupe Artémis are bound by a shareholder agreement.

\* Disclosure to AMF of 13 February 2006, following the delivery of 1.5 million Bouygues shares to bearers of Artémis convertible bonds who had exercised their exchange option

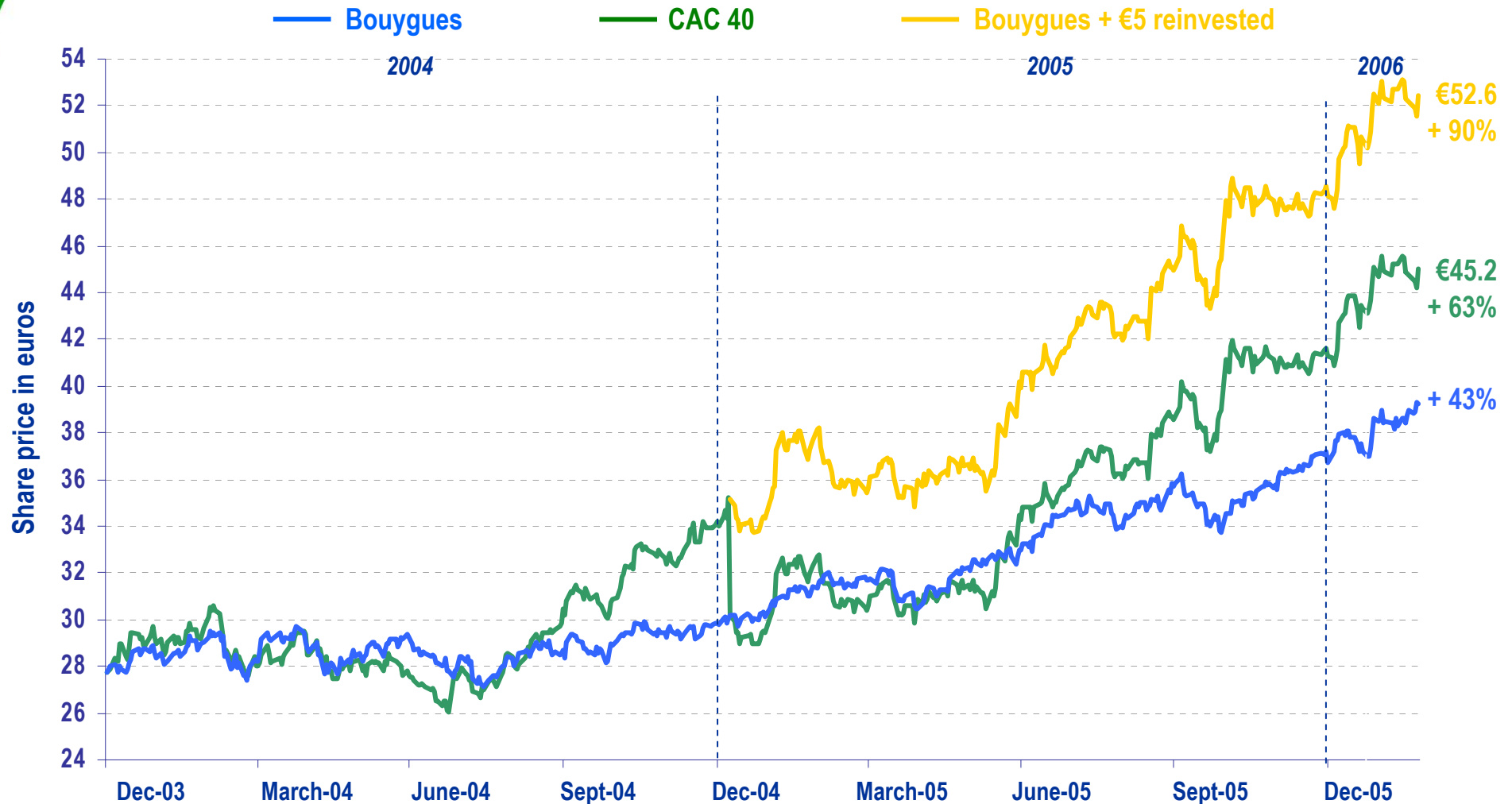
# BOUYGUES: share price performance over one year (1/2)

- The 9<sup>th</sup> best performance of the CAC 40 in 2005 (with exceptional coupon reinvested)



# BOUYGUES: share price performance over two years (2/2)

## Performance of Bouygues share price and CAC 40 since 31 December 2003



- **HIGHLIGHTS**
- **BUSINESS AREAS**
- **ACCOUNTS**
- **OUTLOOK AND OBJECTIVES**

# BOUYGUES CONSTRUCTION (B/CW): key figures

BOUYGUES  
CONSTRUCTION

Million euros - IFRS	2004	2005	Change
<b>Sales</b>	5,512	6,131	+ 11%
<i>of which France</i>	3,236	3,653	+ 13%
<i>of which international</i>	2,276	2,478	+ 9%
<b>Operating profit</b>	168	238	+ 42%
<b>Net profit att. to the Group</b>	140	175	+ 25%
<b>Net cash</b>	1,523	1,874	+ €351m



Waterfront International Development,  
Trinidad & Tobago

**Orders taken reached a record high: + 27%**

BOUYGUES

# BOUYGUES CONSTRUCTION (B/CW): highlights in 2005

BOUYGUES  
CONSTRUCTION

- Record orders taken (€6.5 billion, + 27%)
- A number of projects won (not yet included in the order book), illustrating Bouygues Construction's strengths in high-growth sectors:
  - ✓ A41 motorway between Annecy and Geneva (€500m for Bouygues Construction)
  - ✓ Cyprus airports (Hermès project, €500m for Bouygues Construction)
  - ✓ Rail link in South Africa (Gautrain project, €500m for Bouygues Construction)
  - ✓ First PPP contracts in France (eg Caen hospital, €68m for Bouygues Construction)
- Major projects completed:
  - ✓ A28 motorway between Rouen and Alençon under a 62-year concession contract, handed over one month ahead of schedule
  - ✓ AsiaWorld-Expo: new exhibition centre in Hong Kong, built under a concession contract (25-year operation)
  - ✓ New Home Office in London, completed under a PFI contract
  - ✓ Ferden tunnel in Switzerland
- Further growth of the electrical contracting/maintenance business (ETDE), due mainly to continued external growth (10 companies acquired in 2005)

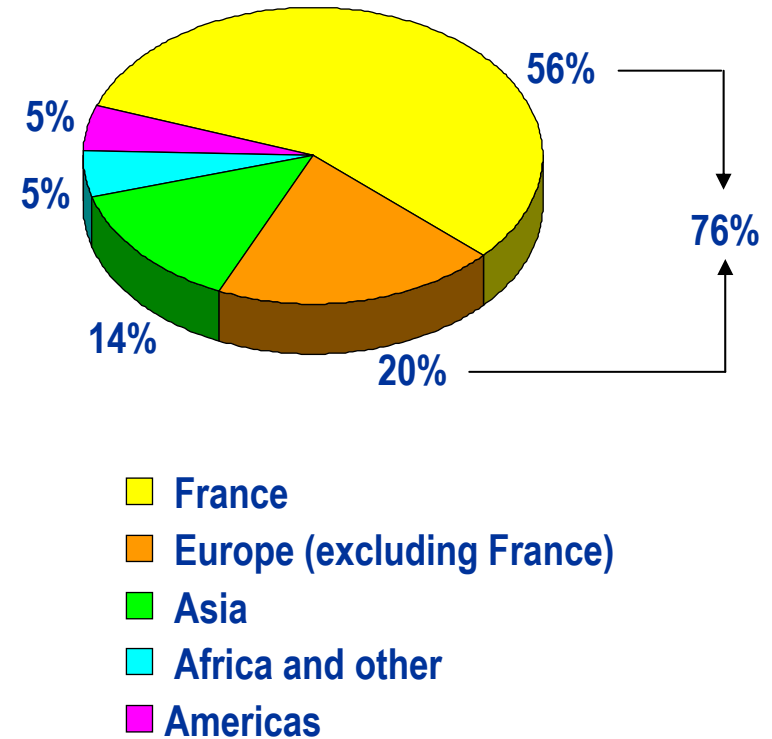
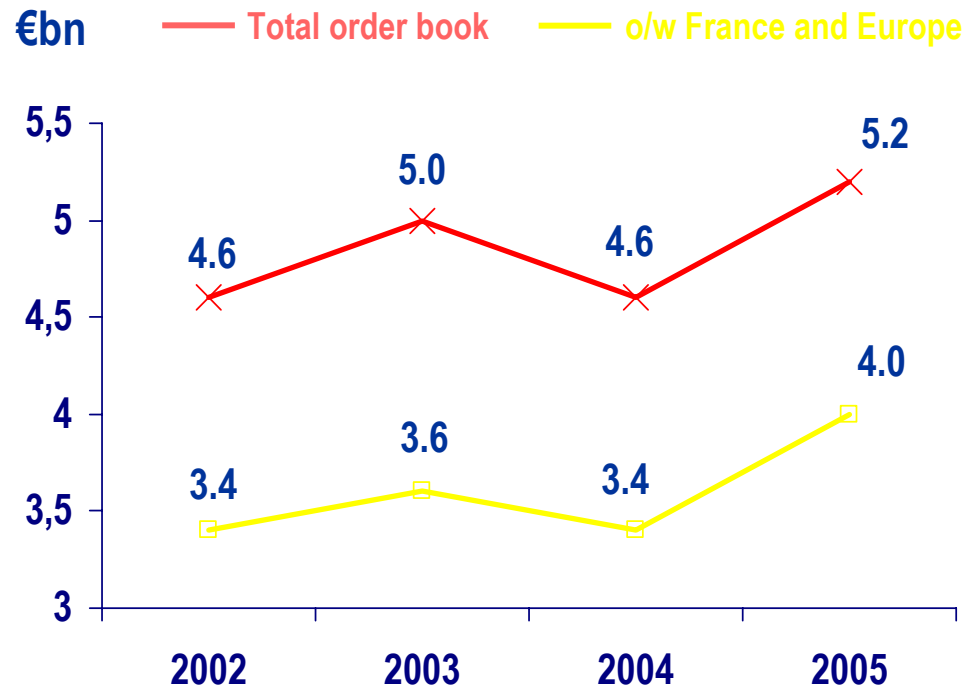
BOUYGUES



# BOUYGUES CONSTRUCTION (B/CW): order book

BOUYGUES  
CONSTRUCTION

At 31 December 2005



*Good visibility*

BOUYGUES

# BOUYGUES CONSTRUCTION (B/CW): strategy and outlook

BOUYGUES  
CONSTRUCTION

- In a globally favourable environment, Bouygues Construction seeks to:
  - ✓ Maintain a high level of performance
  - ✓ Remain selective in its choice of projects and vigilant on risks
  - ✓ Continue to improve productivity
  - ✓ Pursue ETDE's controlled external growth strategy
  - ✓ Recruit to meet needs as a result of increased activity and in anticipation of retirements (7,000 new recruits scheduled for 2006)

- Sales target for 2006:

Million euros - IFRS	2005	2006	Change
Sales	6,131	6,450	+ 5%
<i>of which France</i>	3,653	3,920	+ 7%
<i>of which international</i>	2,478	2,530	+ 2%

BOUYGUES

# BOUYGUES IMMOBILIER: key figures



Million euros - IFRS	2004	2005	Change
<b>Sales</b>	<b>1,295</b>	<b>1,557</b>	<b>+ 20%</b>
<i>o/w housing</i>	<b>864</b>	<b>1,047</b>	<b>+ 21%</b>
<i>o/w orporate/commercial</i>	<b>431</b>	<b>510</b>	<b>+ 18%</b>
<b>Operating profit</b>	<b>119</b>	<b>156</b>	<b>+ 31%</b>
<b>Net profit att. to the Group</b>	<b>64</b>	<b>90</b>	<b>+ 41%</b>
<b>Net cash</b>	<b>249</b>	<b>150</b>	<b>- €99m</b>



*Exaltis building,  
Paris La Défense*

***Strong growth in sales and profit***



# BOUYGUES IMMOBILIER: highlights in 2005

- Strong commercial activity and substantial increase in land reserves in the housing segment as a result of firm market conditions in France
- New organization aimed at improving commercial performance
- Steep rise in business in Europe



*96 boulevard Haussmann, Paris*  
Renovation of former Indosuez  
head office

# BOUYGUES IMMOBILIER: commercial activity



RESERVATIONS	2004	2005	Change
Housing			
Number	6,759	8,200	+ 21%
Amount (€m)	1,068	1,350	+ 26%
Corporate/Commercial			
Office space (sq m)	167,000	157,000	- 6%
Amount (€m)	481	388	- 19%
<b>TOTAL (€m)</b>	<b>1,549</b>	<b>1,738</b>	<b>+ 12%</b>

*Housing: strong commercial activity*



# BOUYGUES IMMOBILIER: strategy and outlook



- In an environment which remains favourable, Bouygues Immobilier:
  - ✓ is on track for a soft landing in the housing segment and gradual recovery of corporate/commercial property in France
  - ✓ will pursue controlled growth by adopting an increasingly responsive sales approach

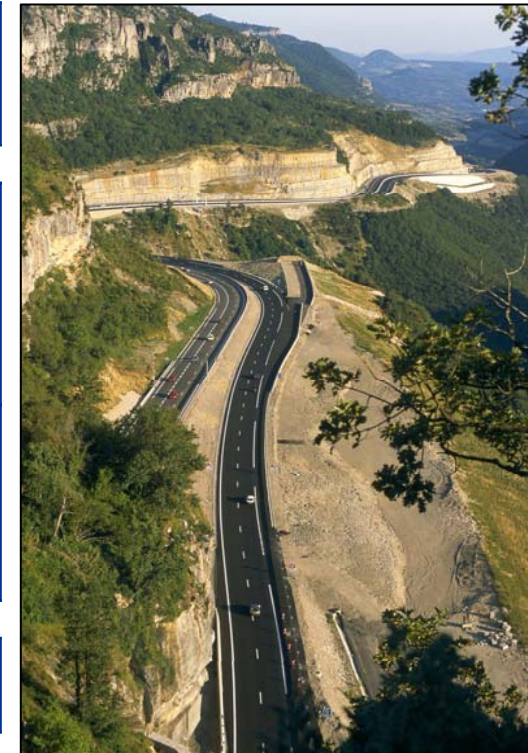
## ■ Sales target for 2006:

Million euros - IFRS	2005	2006	Change
Sales	1,557	1,750	+ 12%
of which housing	1,047	1,370	+ 31%
of which corporate/commercial	510	380	- 25%

# COLAS: key figures



Million euros - IFRS	2004	2005	Change
<b>Sales</b>	8,024	9,540	+ 19%
<i>of which France</i>	4,957	5,580	+ 13%
<i>of which international</i>	3,067	3,960	+ 29%
<b>Operating profit</b>	289	390	+ 35%
<b>Net profit att. to the Group</b>	251	307	+ 22%
<b>Net cash</b>	423	415	-€8m



A75 motorway, Hérault, France

*Another record year*



# COLAS: highlights in 2005



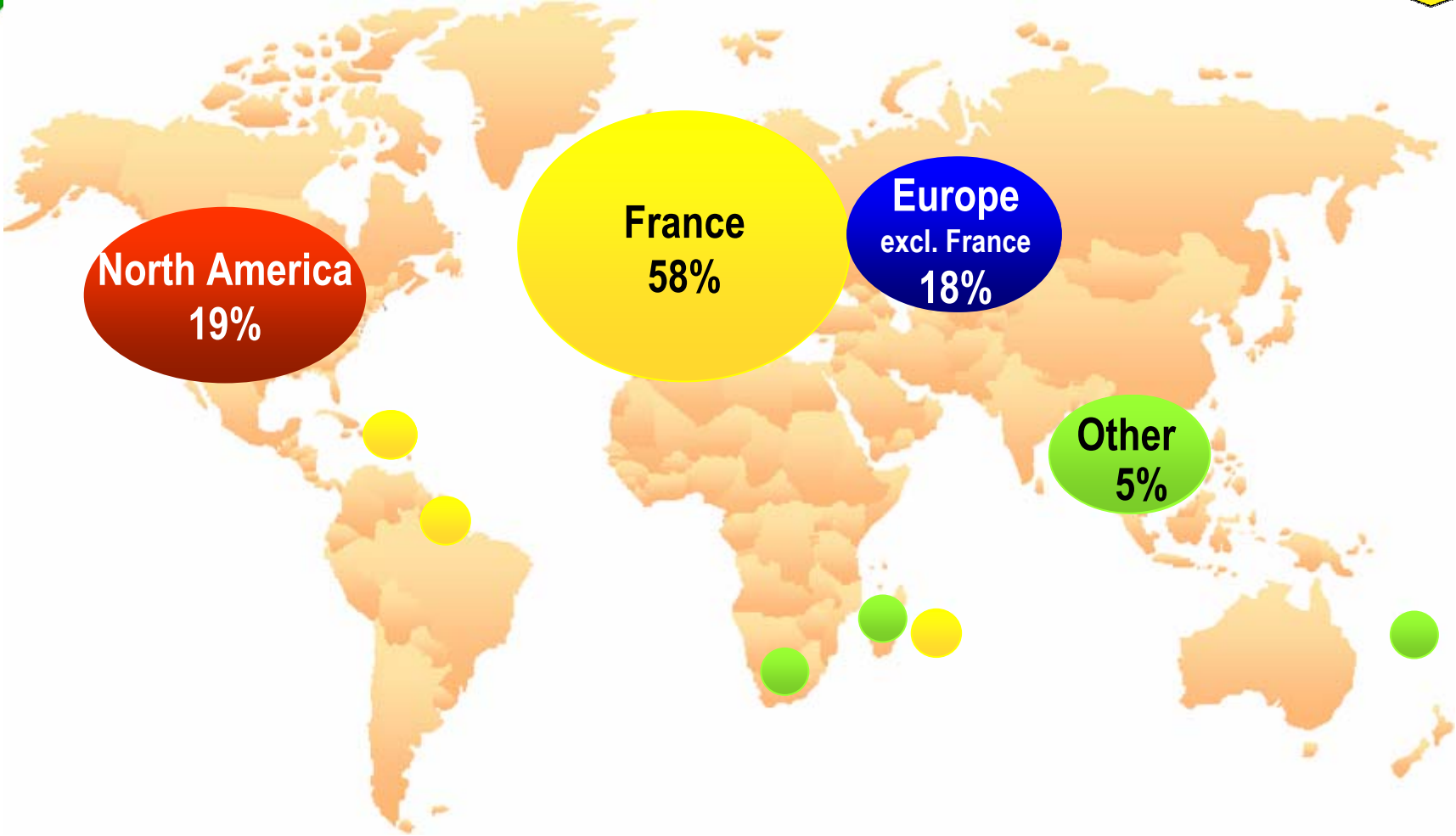
- **Strong commercial activity, notably on international markets**
  - ✓ Roadbuilding contracts in Slovakia worth €75m
  - ✓ Motorway construction contract in Hungary worth €49m
  - ✓ Involvement in the successful bid for the A41 motorway concession in France
  
- **Continued acquisitions policy**
  - ✓ Prosign and Veluvine road marking companies in France
  - ✓ North America and Europe
  
- **Industrial activities**
  - ✓ Increase in production capacity:  
over 100 million tonnes of aggregates manufactured
  - ✓ 20 to 25 years of materials reserves



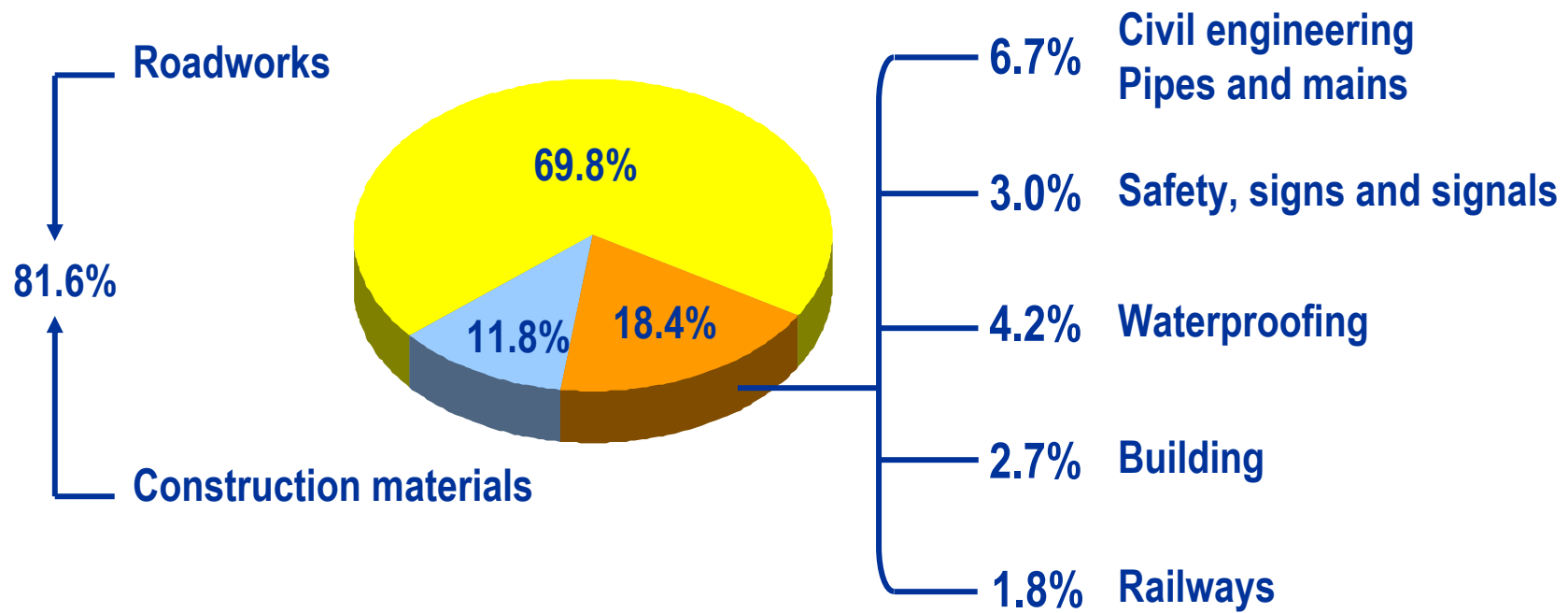
*M5 motorway, Hungary*



# COLAS: sales by region



# COLAS: sales by segment



# COLAS: order book



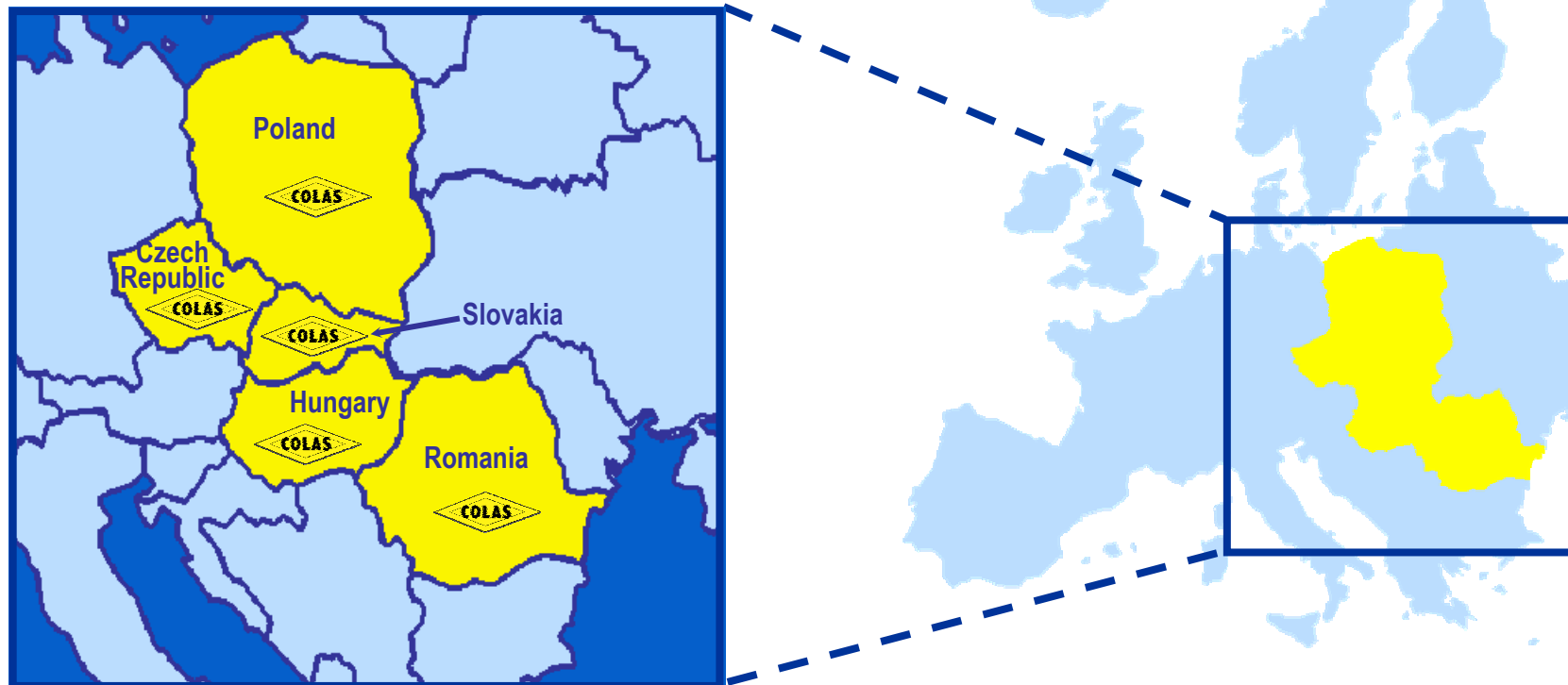
Million euros	End-2004	End-2005	Change
Metropolitan France	2,080	2,420	+ 16%
International and French overseas territories	1,867	2,242	+ 20%
<b>TOTAL</b>	<b>3,947</b>	<b>4,662</b>	<b>+ 18%</b>

*Record increase in order book*

# COLAS: developments in Central Europe

COLAS

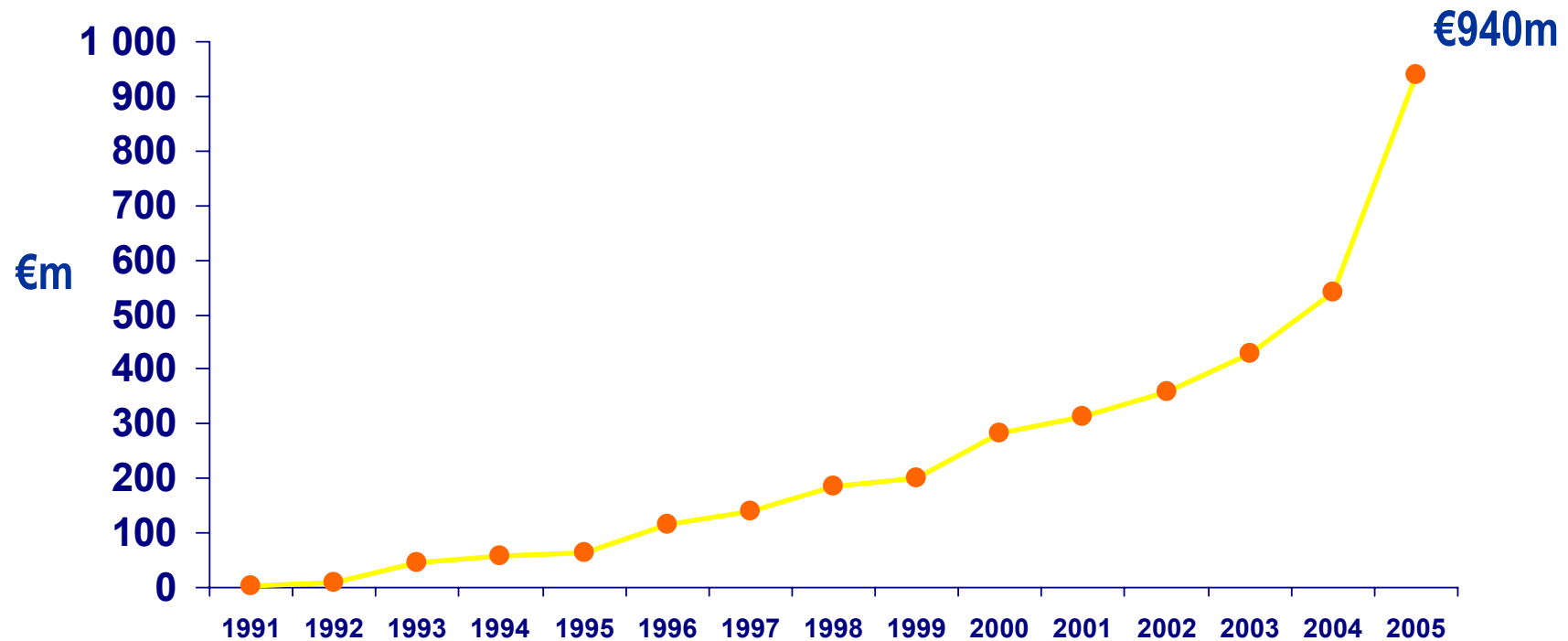
- 1989: the group launched search for companies to acquire
- 2005: €940m in sales (up 70% on 2004)



# COLAS: developments in Central Europe

COLAS

- Strong growth in sales, due to:
  - ✓ steady development in 15 years of a network of local firms having a broad range of activities
  - ✓ infrastructure renewal investment in these countries, speeded up by their entry into the European Union



# COLAS: developments in Central Europe



## ■ Timely development by external growth of a network of local companies:

- ✓ Hungary:
  - 1991 Quarries
  - 1992 Pipes and mains, civil engineering
  - 1998 Road construction
  
- ✓ Romania:
  - 1991 Road maintenance (in partnership with the government)
  - 2001 Earthworks
  - 2005 Bitumen storage and supply
  
- ✓ Czech Republic: 1994 - 1995 Road construction
  
- ✓ Poland: 1997 Road construction
  
- ✓ Slovakia:
  - 2000 Road construction
  - 2004 Civil engineering as part of road construction

# COLAS: strategy in Central Europe



- External growth: acquisition of 25 companies
  - ✓ Privatisation of many companies
  - ✓ Selection criteria:
    - Country's development potential
    - Legal framework
    - Cultural understanding
    - Quality of local management teams
  
- Internal development
  - ✓ Extremely quick modernization of industrial activities (investment)
  - ✓ Development plan by local management teams
  - ✓ Award of major contracts, sometimes with Colas' support (equipment, skilled teams)
  - ✓ Long-term existence of businesses

# COLAS IN CENTRAL EUROPE: subsidiaries with a broad range of activities (1/4)



## ■ Production and sale of materials (quarries):

- ✓ Production in 2005: 8 million tonnes
- ✓ Reserves: 300 million tonnes

## ■ Asphalt mixing plants

## ■ Emulsion plants

## ■ Bitumen storage and sale:

- ✓ Constanta site (Romania)



*Transbitum storage plant  
Mangalia port, Romania*



# COLAS IN CENTRAL EUROPE: subsidiaries with a broad range of activities (2/4)



## ■ Roadworks

- ✓ Construction and maintenance



*M3 motorway, Hungary*



*Application of asphalt mix,  
Hungary*

# COLAS IN CENTRAL EUROPE: subsidiaries with a broad range of activities (3/4)



- Pipes and mains
- Civil engineering
- Earthworks
  - ✓ ALTERRA (Hungary)
  - ✓ SCCF (Romania)



*ALTERRA water treatment plant,  
Hungary*

# COLAS IN CENTRAL EUROPE: subsidiaries with a broad range of activities (4/4)



- Major civil engineering works as part of road construction
  - ✓ IS KOSICE (Slovakia)



*D1 motorway, Slovakia*

# COLAS IN CENTRAL EUROPE



- **After 15 years of expansion, this area currently represents:**
  - ✓ 10% of Colas's total sales (€940m)
  - ✓ 6,800 employees including 15 expatriates, 350 engineers
  - ✓ 25 companies
  - ✓ Excellent return on capital employed
- **Outlook**
  - ✓ High level of orders
- **Strategic priorities**
  - ✓ Continue developing the existing network, modernizing facilities and improving productivity
  - ✓ Gain a foothold in new countries: Russia, Croatia, Serbia, etc.
  - ✓ Be prepared to submit bids for PPP contracts in the road and motorway sector

# COLAS: strategy and prospects



- Colas will pursue its internal growth strategy supported by its network of local companies, industrial production capabilities and expertise in new types of contracts (PFI, PPP)
- and will carry on its policy of acquisitions
- Sales target for 2006:

Million euros - IFRS	2005	2006	Change
Sales	9,540	10,100	+ 6%
<i>of which France</i>	5,580	5,980	+ 7%
<i>of which international</i>	3,960	4,120	+ 4%

# TF1: key figures



Million euros - IFRS	2004	2005	Change
<b>Sales</b>	2,501	2,509	=
<i>core channel advertising</i>	1,646	1,648	=
<i>other activities</i>	856	861	+ 1%
<b>Operating profit</b>	381	353	- 7%
<b>Net profit att. to the Group</b>	225	236	+ 5%
<b>Net debt</b>	409	351	- €58m



As TPS was held for sale at end-December 2005, only its share of net profit in 2004 and 2005 was booked

## TF1: leader in terms of audience share



Channel	2004	2005	Change
Women under 50	35.5%	36.2%	+ 0.7 pt
Individuals 4 years and over	31.8%	32.3%	+ 0.5 pt
Viewing time per person per day (individuals 4 years and over)	3hrs 24	3hrs 26	+ 2 mins
Advertising market share	54.8%	54.4%	- 0.4 pt

*97 of 100 best audience ratings in 2005*



## Pay-TV agreement (1/2)



- A commercial agreement was concluded in January 2006 to merge the pay-TV businesses of TPS and the Canal+ group in an entity controlled by Vivendi Universal.
- The merger, to take place in several steps, will be finalised in 2006 after approval by the competent authorities.
- On completion of the transaction, the ownership structure of the new entity will be as follows:
  - ✓ Vivendi Universal: 85.0% \*
  - ✓ TF1: 9.9%
  - ✓ M6: 5.1%
- TF1 and M6 will remain shareholders in the new entity for three years, at which point they will have the option of selling their stakes at market value, allowing them to fully benefit from the momentum created by the new group. The option will be backed by a guaranteed minimum price of €1.13 billion for a 15% stake, representing a total valuation of €7.5 billion.

\* Under the agreement signed in February 2006 by Vivendi Universal and Lagardère, Lagardère will take a 20% stake in the new entity.



## Pay-TV agreement (2/2)



- **The merger is the result of unexpectedly fast developments in the audiovisual environment, with five trends threatening the balance of the French market:**
  - ✓ the rapid advances in digital delivery technology and fast take-up by consumers of ADSL, DTT, mobile TV, etc.
  - ✓ the development of free offers, especially with DTT and ADSL, which offer free access to TV packages
  - ✓ the emergence of powerful new players: telecom operators, internet service providers, major global publishing and distribution groups
  - ✓ a restructuring in the cable sector
  - ✓ a regulatory framework that does not apply to all competitors in the same way: telecoms operators are not subject to the same requirements as TV channels.
  
- **The envisaged strategic merger will create a new entity with the critical size necessary to face new competition.**

# TF1: strategy and outlook



## ■ Ambitions:

- ✓ Maintain TF1's leading position in programme content in France and prepare for the opening up of the French TV advertising market in 2007 to mass distribution
- ✓ Develop Eurosport
- ✓ Create new programme and service formats adapted to new technologies

## ■ Sales target for 2006:

Million euros - IFRS	2005	2006	Change
Sales	2,509	2,620	+ 4%
<i>core channel advertising</i>	1,648	1,690	+ 3%

# TF1: licence agreement with Bouygues Telecom



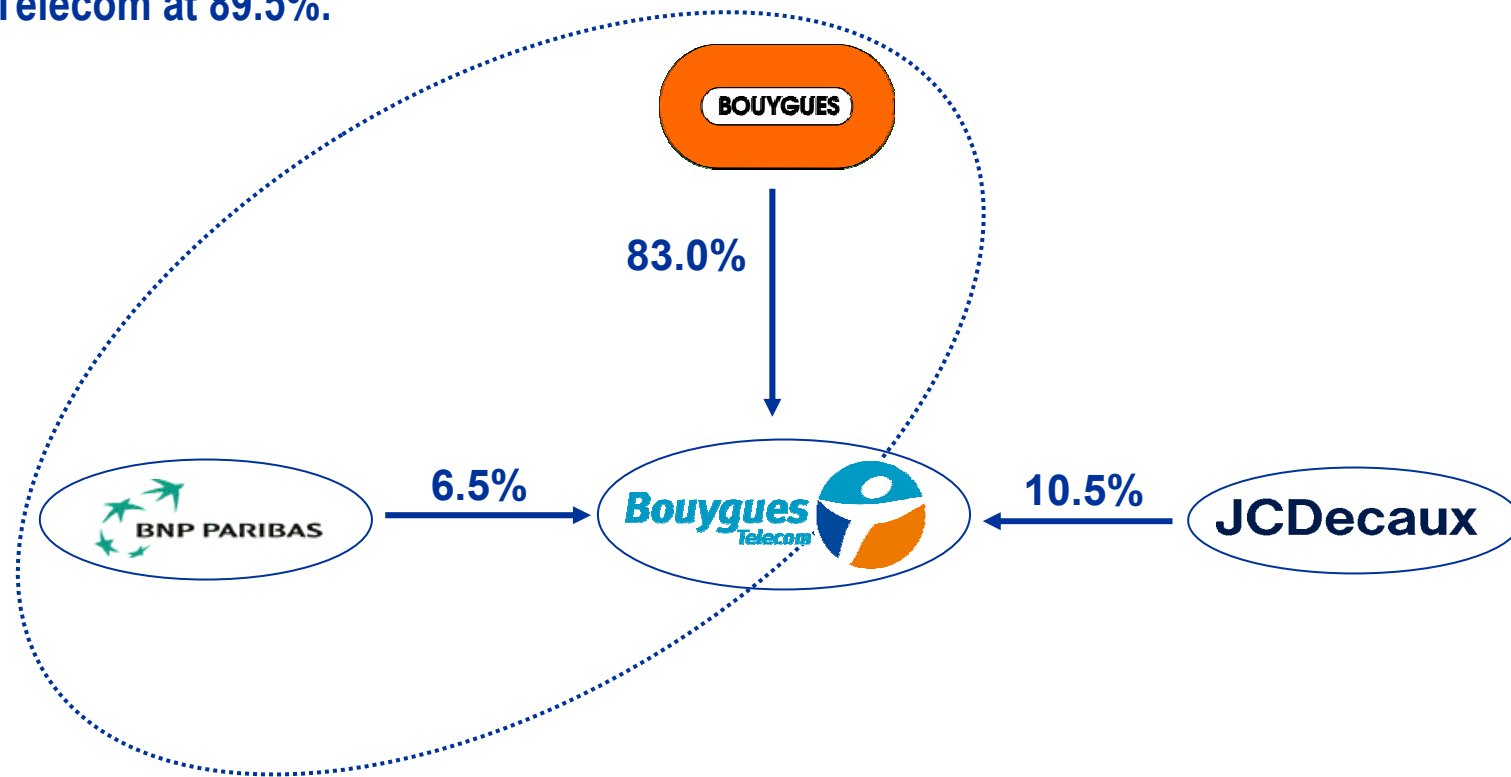
- A natural partnership between
  - ✓ a telecoms operator recognised for its innovative capacity
  - ✓ and a major content provider for mobile telephony
- An innovative and attractive voice and data offer
- An original market positioning
- Launch planned for 2006



# BOUYGUES TELECOM: share ownership structure

## ■ Agreement with BNP Paribas

- ✓ In June 2005, Bouygues entered into a put-and-call agreement with BNP Paribas on its 6.5% stake in Bouygues Telecom.
- ✓ Booked at 30 June 2005, the agreement generated an additional €460 million of debt for Bouygues at end-December 2005, which now consolidates Bouygues Telecom at 89.5%.



# BOUYGUES: agreement with BNP Paribas in June 2005

- The BNP Paribas group wished to make its 6.5% stake in Bouygues Telecom liquid.
- Bouygues granted BNP Paribas an option to sell 6.5% of Bouygues Telecom, exercisable from September 2005 to July 2007, at a price of €477 million to €495 million (€475 million plus interest at 2.07% per year).
- Any dividends received by BNP Paribas up to the date the option is exercised will be deducted from the agreed price.
- In exchange, the BNP Paribas group granted Bouygues an option to buy that may be exercised in September 2007 at a price of €497 million.
- The transaction, booked at 30 June 2005, generated an additional €460 million of debt for Bouygues at end-December 2005.
- If the transaction goes ahead and JC Decaux does not exercise its pre-emptive right, Bouygues Telecom's capital structure will be as follows:



# BOUYGUES TELECOM: key figures



Million euros - IFRS	2004 <sup>(1)</sup>	2005	Change
<b>Sales</b>	4,427	4,537	+ 2%
<b>Net sales from network</b>	4,092	4,240	+ 4%
<i>o/w mobile-to-mobile billing</i>	761	665	- 13%
<i>o/w data</i>	14.4%	16.4%	+ 2.0 pts
<b>EBITDA</b>	1,167	1,349	+ 16%
<b>EBITDA / net sales from network</b>	28.5%	31.8%	+ 3.3 pts
<b>Current operating profit</b>	588	656	+ 12%
<b>Operating profit</b>	588	598	+ 2%
<b>Net profit attributable to the Group</b>	326	352	+ 8%

(1) Pro forma figures, including mobile-to-mobile billing estimated at 2004 call termination rate

# BOUYGUES TELECOM: financial structure



Million euros - IFRS	2004	2005	Change
Shareholders' equity	1,783	2,132	+ 20%
Net debt	1,197	441	div. by 3
o/w shareholder loans	614	0	ns
Debt-to-equity ratio	67%	21%	- 46 pts

Cash flow	1,159	1,261	+ 9%
- Cost of net financial debt	- 62	-26	- 58%
- Income tax *	-197	-220	+ 12%
- Net operating investment	- 503	- 584	+ 16%
Free cash flow	397	431	+ 9%

\* Deferred tax

# BOUYGUES TELECOM: 2005 highlights



- **8-million-customer mark passed (+ 9% in one year)**
  - ✓ Further increase in contract customer share (68.4% of total base)
  - ✓ Success of Universal Mobile, with 400,000 customers to date
  
- **Launch of broadband services, accessible to over 90% of French population on national EDGE network:**
  - ✓ In May 2005 for businesses
  - ✓ In November 2005 for mass market with broadband i-mode: over 120,000 customers to date
  - ✓ Gradual development of usages by customers
  
- **Strong differentiation between Bouygues Telecom and SFR:**
  - ✓ National broadband coverage provided for services aimed at professionals on the move



# BOUYGUES TELECOM: commercial performance



(Metropolitan France)	Contract		Prepaid		Total customer base	
	2004	2005	2004	2005	2004	2005
Active SIM cards (in thousands) <sup>(1)</sup> <i>including Universal Mobile</i> <sup>(1)</sup>	4,854 94	5,454 363	2,397 -	2,424 -	7,251 94	7,878 363
ARPU (€ / month) <sup>(2)</sup>	62	57	21	19	48	45
SAC (€ / customer)	235	235	27	28	148	151
Voice usage (min / month)	391	346	85	84	288	263

<sup>(1)</sup> At 31 December

<sup>(2)</sup> 2004: including mobile-to-mobile billing at 2004 call termination rate

## ■ Contract:

- ✓ Favourable churn rate (1.3% per month)
- ✓ The drop in voice usage is due to lower use of free minutes in unlimited bundles.

## ■ Prepaid: stable performance

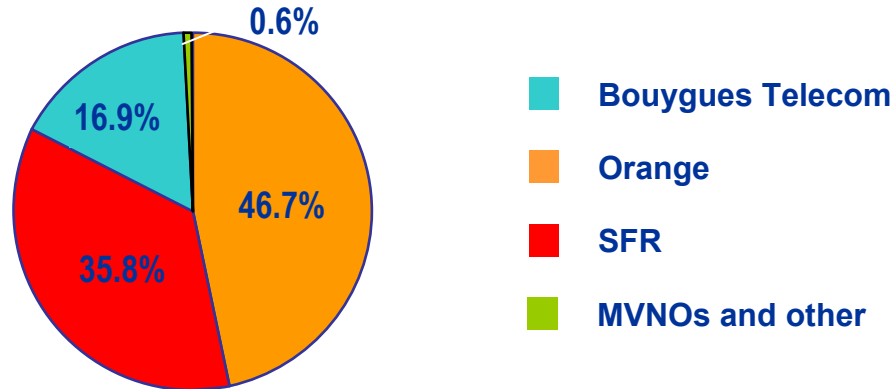


# BOUYGUES TELECOM: market share at 31 December 2005

(Metropolitan France and French overseas territories)

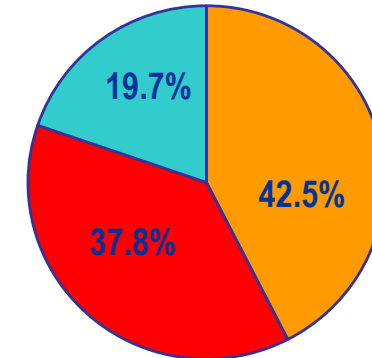


## Customer market share (1)



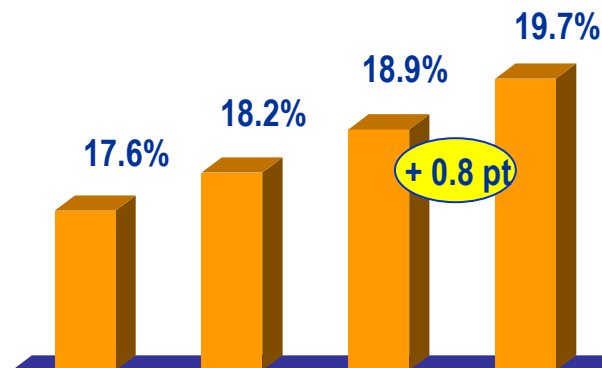
(1) Source: ARCEP

## Value market share (2)



(2) Source: operators  
MVNO and other: not significant

## Increase in Bouygues Telecom's value market share



**8.1 million customers**

**A higher value market share than customer market share**

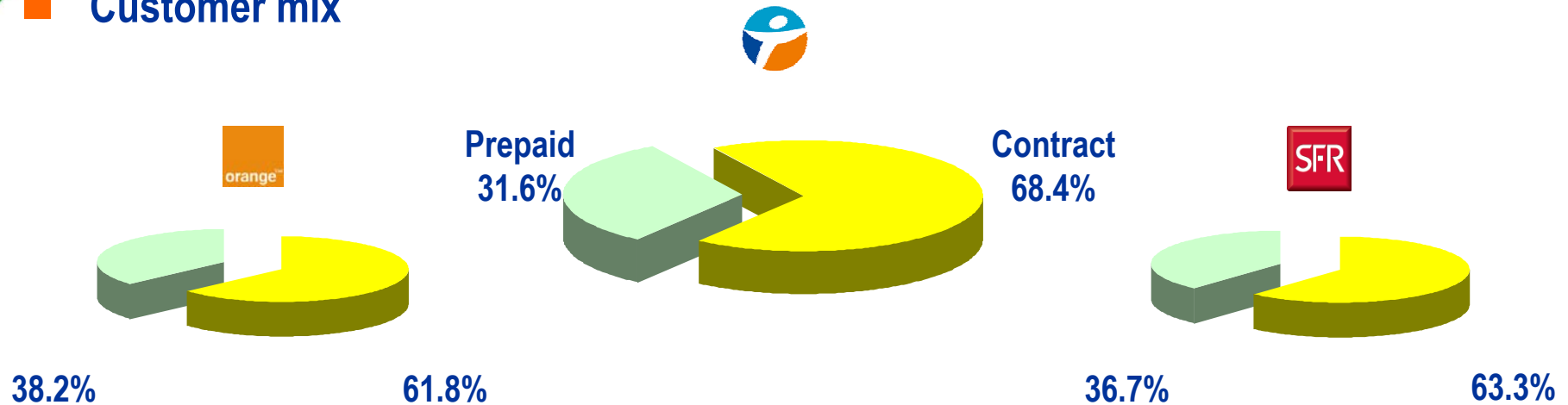


# BOUYGUES TELECOM: customer breakdown at 31 December 2005

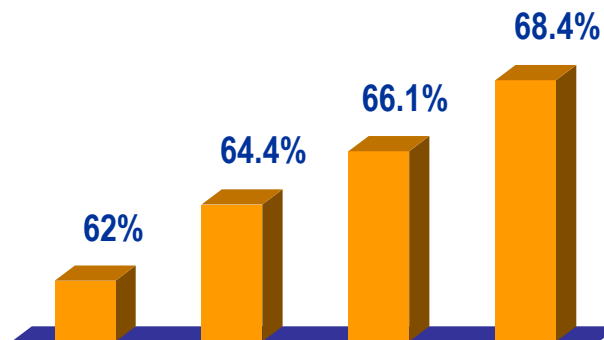
(Metropolitan France and French overseas territories)



## Customer mix



## Increase in Bouygues Telecom's share of contract customers



*The best customer mix on the market*



# MOBILE TELEPHONY: Comparison of main European countries



2004

Population (million)	Total revenues of mobile operators (€m)	Revenues per inhabitant per month (€)	Minutes per inhabitant per month
-------------------------	--	--	--

France	61.6	21,626	29.3	100
Germany	82.5	22,288	22.5	38
UK	59.6	23,833	33.3	86
Italy	57.7	20,612	29.8	not available
Spain	42.4	15,933	31.3	84

Sources France: Operators and ARCEP, revenues including mobile-to-mobile billing  
Other countries: GSM Association and regulators

***It is false to say that the French market is the least developed in Europe on the basis of only one irrelevant criterion: the number of lines per inhabitant***



# BOUYGUES TELECOM: competitive environment (1/2)



## ■ Arrival of MVNOs on the market

✓ Expected to make the market more fluid, MVNOs accounted for less than 1% of the market at end-2005

✓ Trends:

➤ Emergence of brand licences

➤ Low-cost MVNOs

➤ Intense competition to capture youth market

## ■ Bouygues Telecom's response

✓ To develop brand licences targeted at growth population groups (eg young people), as with Universal Mobile since August 2004 and TF1 Mobile

# BOUYGUES TELECOM: competitive environment (2/2)



## ■ Voice-over-IP

- ✓ The consumer telecoms market is undergoing major transformation due to the development of unlimited double-play (Internet access and voice calls to fixed lines) and triple-play offers (Internet, TV and telephone).
- ✓ Bouygues Telecom's rivals are focusing on calls from home to fixed lines.

## ■ Bouygues Telecom's response

- ✓ To meet customer expectations by totally freeing up calls to all fixed lines and mobiles in home time-slots
- ✓ To launch double-play services on mobiles
  - *Néo* and *Exprima*, with unlimited calling as of 8pm every day
  - Unlimited broadband i-mode contracts, which will eventually turn into triple-play offers thanks to the DVB-H standard



# BOUYGUES TELECOM: regulatory environment (1/2)



## ■ Reductions in call termination rates imposed by ARCEP:

Euro cents	2004	2005	2006	2007
Calls to Bouygues Telecom % change	18.39 * - 17.4%	14.79 - 19.6%	11.24 - 24.0%	Reduction decided - amount not yet determined
Calls to Orange / SFR % change	14.94 - 12.5%	12.5 - 16.3%	9.5 - 24.0%	
Differential	3.45	2.29	1.74	

- ✓ Reduction in rates in 2007: Bouygues Telecom will ask for a differential in rates with the other two operators to be maintained
- ✓ The price reductions apply to all incoming fixed and mobile calls

\* Average rate

***Differences in costs explain why Bouygues Telecom's rates should remain higher than those of its competitors***



# BOUYGUES TELECOM: regulatory environment (2/2)



## ■ Regulatory decisions in 2005

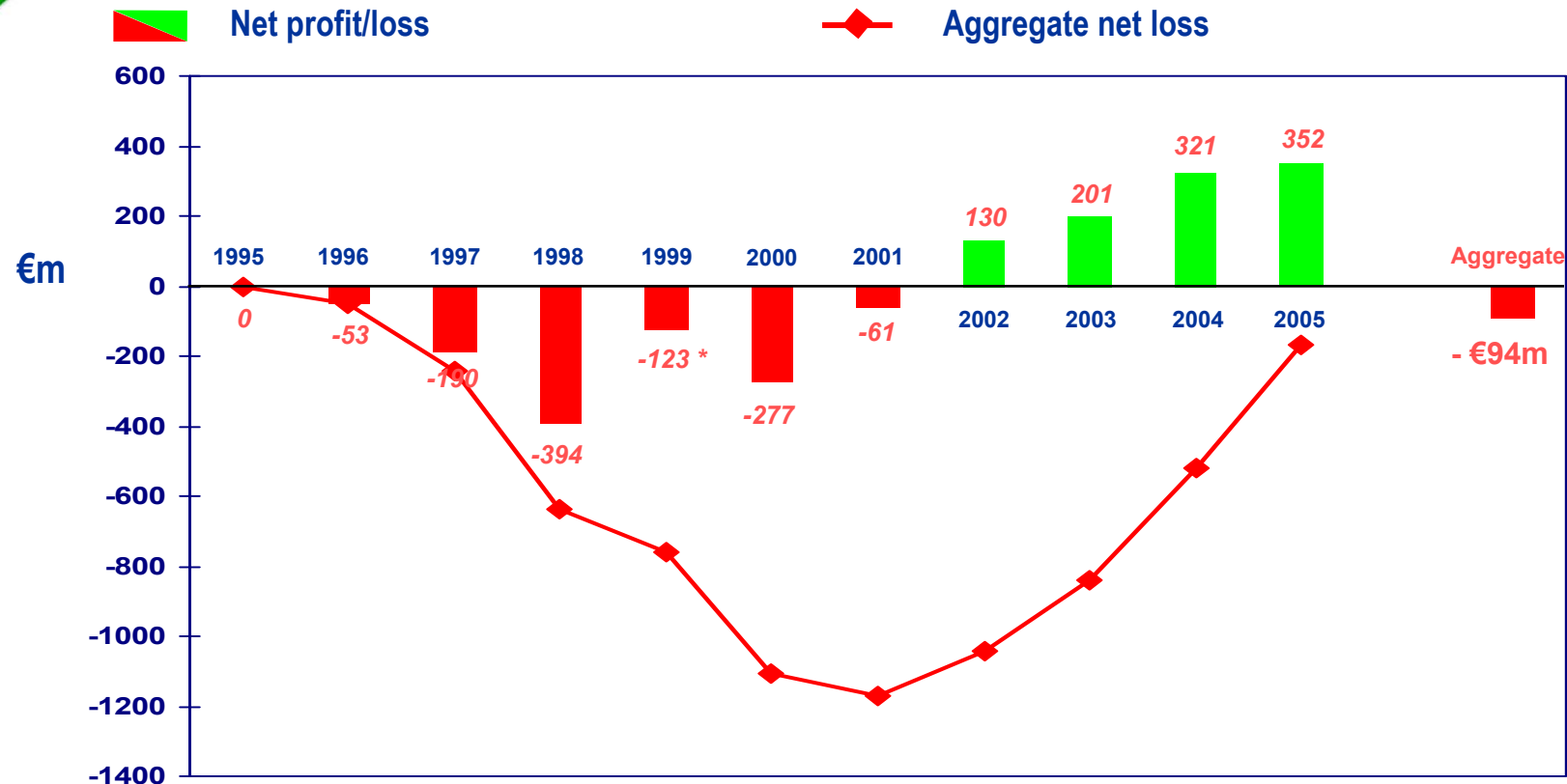
- ✓ **20% cut in the wholesale price of text messages**
  - Decided in November 2005 with retroactive effect from 1 July 2005, without any differential between the operators
  - Impact of approx. €10m on Bouygues Telecom's sales
  - No impact on the bottom line (balanced incoming and outgoing traffic)
  
- ✓ **Shorter portability deadlines**
  - From 2 to 3 months now to fewer than 10 days in 2007
  
- ✓ **No charge for time spent on hold**
  - The effect on Bouygues Telecom will be very small because waiting times in Customer Relations Centres are already short:

	Voice server	Customer advisor
General public	No charge	Charge, but approx. 70% of calls are answered in under 20 seconds.





# BOUYGUES TELECOM: review of earnings



\* The net loss in 1999 includes an exceptional profit of €433 million linked to the recognition of deferred tax assets.

**Creation of 7,300 direct jobs and 15,000 to 20,000 indirect jobs**

***Bouygues Telecom's aggregate loss is still at €94 million***



# BOUYGUES TELECOM: sales target for 2006



Million euros - IFRS	2004 <sup>(1)</sup>	2005	Change 2005/2004 <sup>(1)</sup>	2006	Change 2006/2005
Net sales from network excluding revenues from incoming traffic	2,939	3,212	+ 9%	3,449	+ 7%
Net sales from network	4,092	4,240	+ 4% <sup>(2)</sup>	4,280	+ 1%
<b>Total sales</b>	<b>4,427</b>	<b>4,537</b>	<b>+ 2%</b>	<b>4,580</b>	<b>+ 1%</b>

(1) including mobile-to-mobile billing estimated at 2004 call termination rate

(2) with mobile-to-mobile billing estimated at 2005 call termination rate, the increase in net sales from network is 7%

# BOUYGUES TELECOM: broadband strategy



- **2006: pave the way for 3G rollout**
  - ✓ Tests are under way on an experimental network using HSDPA technology
    - ➔ *concrete results confirm the break that will come with HSDPA*
  - ✓ A “core network” equipment contract has been signed with Ericsson
  - ✓ Radio equipment suppliers are due to be selected during the next two months
  
- **2007: open network**
  - ✓ HSDPA service may be launched in April 2007
  - ✓ At this time, additional Bouygues Telecom base stations will be ready to receive HSDPA equipment if necessary
  - ✓ The rollout pace will depend on market development
  - ✓ Investment will remain reasonable: coverage of dense areas, gradual replacement of GSM with HSDPA network

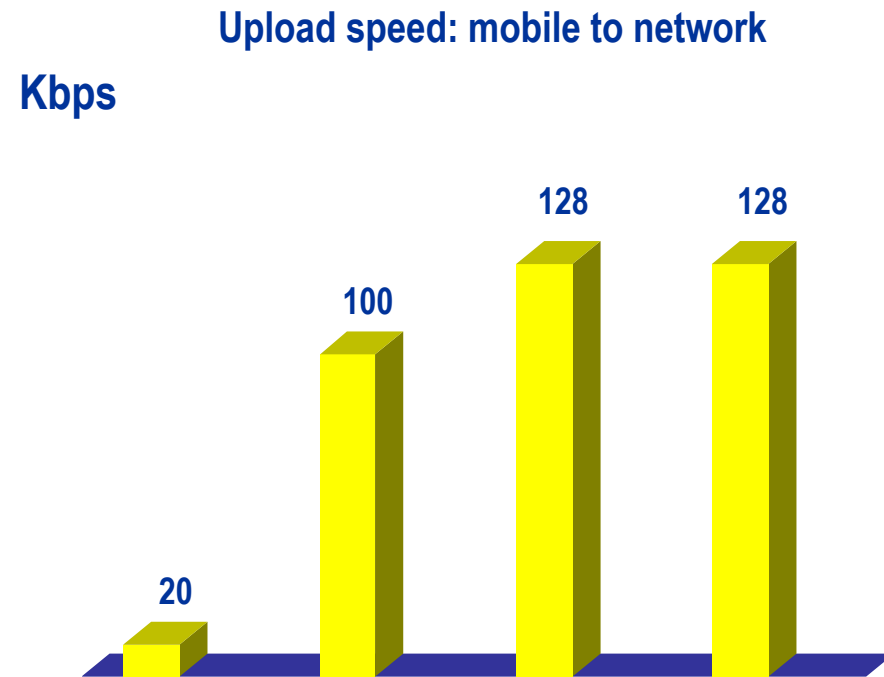
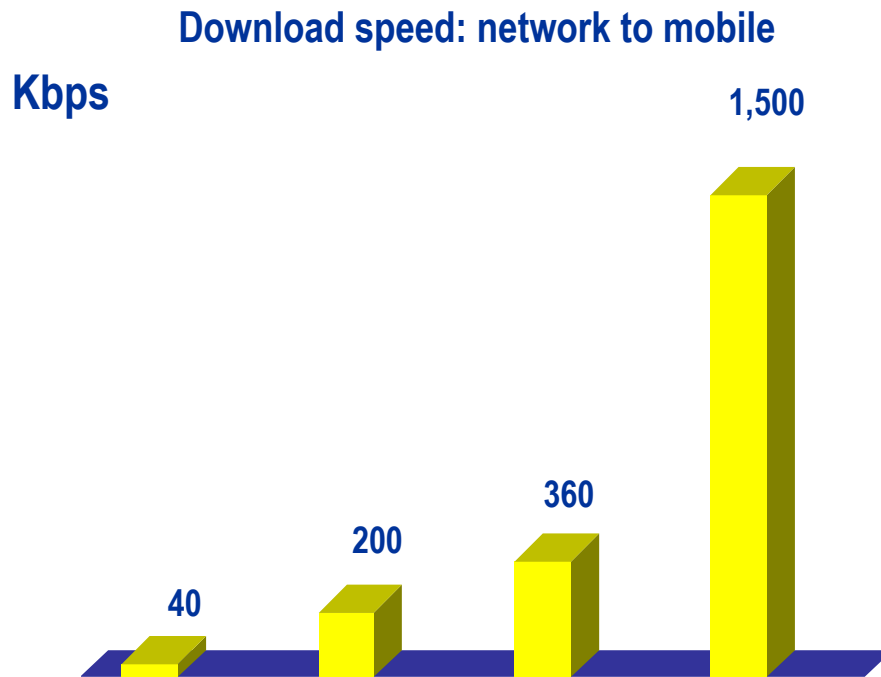
*Investments guided by customer needs*



# BOUYGUES TELECOM: reminder of different technologies



## Actual transfer speed



HSDPA = High Speed Downlink Packet Access

*Towards very high speed*



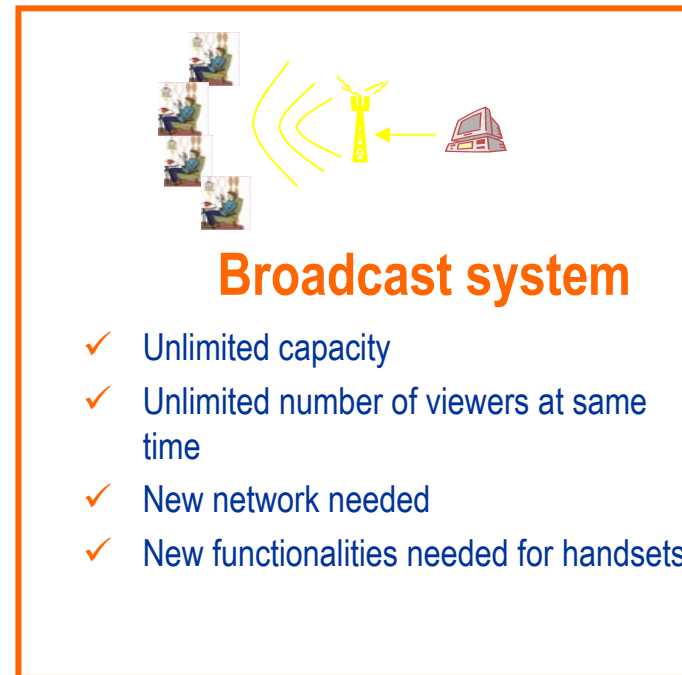
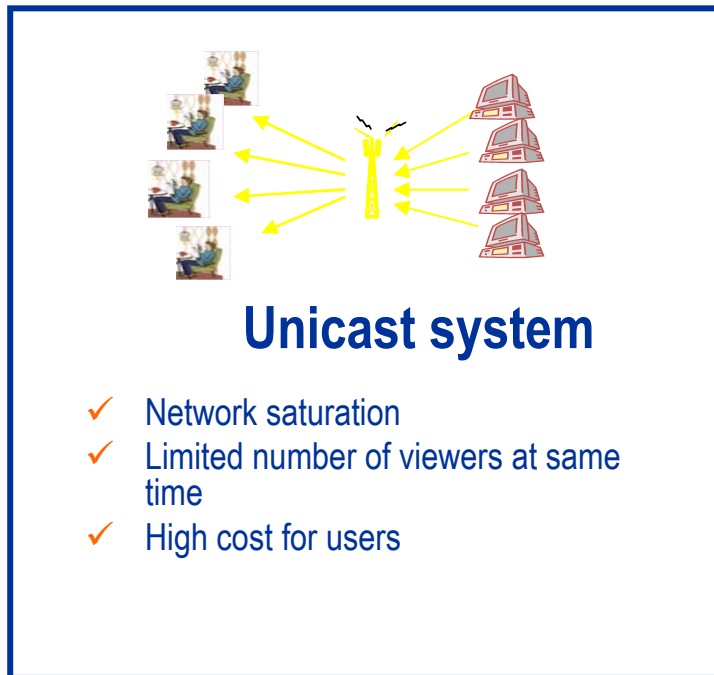
# BOUYGUES TELECOM: licences



- UMTS licence (€619 million): straight-line amortisation from May 2005 until its expiry in 2022
- Renewal of GSM licences:
  - ✓ 1% tax on sales
  - ✓ lump-sum fee of €25 million per year
- ➔ These conditions will apply to Orange and SFR as of March 2006, and to Bouygues Telecom from December 2009.

# NEW FUNCTIONALITIES: mobile TV

- Telecoms networks are not designed to offer TV under good conditions



- Bouygues Telecom is taking part in DVB-H trials (terrestrial broadcast system which is not delivered over the operator network)

*A promising application, but technological changes are necessary to make mobile TV a real success*

# NEW FUNCTIONALITIES: contactless applications (1/2)

## ■ Tomorrow's services



# NEW FUNCTIONALITIES: contactless applications (2/2)



## ■ Implementation stages for Bouygues Telecom

- ✓ **Develop transport applications in the short term:**
  - Give customers services with immediately noticeable advantages in everyday use
  - Meet transport company demand
  - Extend the experience with the RATP in the Paris underground to other transport authorities
  
- ✓ **Cooperate with banks on contactless payment in the medium term:**
  - Build synergies with banks
  - Continue to develop contactless functionalities on handsets
  
- ✓ **Define a joint standard as a priority**
  - Joint specifications for handsets will be introduced with the i-mode Alliance in 2007



# CONTACTLESS APPLICATIONS: NTT DoCoMo model in Japan



## ■ Results since launch in July 2004

- ✓ Sony technology: Felica
- ✓ 12 compatible handsets and 7 million customers
- ✓ 25,000 stores and 6,000 cash points equipped with readers



## ■ Usage is developing

- ✓ 2 million users (especially working people in their thirties)
- ✓ 62% use the service at least once a week mainly as a payment method in “convenient stores”, but also for video rental and at cash points
- ✓ 81% of customers say they are satisfied and 99% say they want to keep a Felica-compatible mobile when they upgrade their phone

## ■ Expansion in 2006

- ✓ Japan’s two other networks have adopted Felica technology
- ✓ A travelcard service was launched in January (over 10 million contactless travelcards in circulation)

# BOUYGUES TELECOM: strategy and outlook



## FREEING UP VOICE USAGE

- unlimited calling with standard price plans
- to all networks: NEO
- to fixed lines: Exprima

## BRINGING BROADBAND WITHIN EVERYONE'S REACH

- unlimited broadband i-mode plan
- Edge card for laptops

## COMMUNICATING AND HAVING FUN

- free and unlimited e-mail
- 200 entertainment i-mode sites
- 16 TV channels with broadband i-mode
- soon... real mobile TV

Personal telephony  
and usages  
wherever you are

## MAKING LIFE EASIER

- comprehensive customer service: 2,500 customer advisors, 480 stores, website and mobile support
- 150 practical i-mode websites
- soon... contactless applications

## OFFERING A HIGH-PERFORMANCE NETWORK

- uniform nationwide coverage of 91% of French population
- speed adapted to actual needs

- **HIGHLIGHTS**
- **BUSINESS AREAS**
- **ACCOUNTS**
- **OUTLOOK AND OBJECTIVES**

# BOUYGUES: condensed consolidated income statement

Million euros - IFRS	2004	2005	Variation
Sales	20,894	24,073	+ 15%
Current operating profit	1,557	1,852	+ 19%
Operating profit	1,557	1,748	+ 12%
Cost of net financial debt	(159)	(187)	+ 18%
Income tax expense	(501)	(570)	+ 14%
Net profit from continuing operations	904	1,024	+ 13%
Net profit of discontinued or held-for-sale operations	211	14	ns
Minority interests	(206)	(206)	=
Net profit attributable to the Group	909	832	- 8%
Capital gain from Saur	209	/	/
Net profit excluding capital gain from Saur	700	832	+ 19%

NB: As TPS was held for sale at end-December 2005, only its share of net profit in 2004 and 2005 was booked



## Contribution of business areas to Group sales

Million euros - IFRS	2004	2005	Change
Bouygues Construction	5,227	5,815	+ 11%
Bouygues Immobilier	1,295	1,557	+ 20%
Colas	7,947	9,424	+ 19%
TF1 <sup>(1)</sup>	2,483	2,489	=
Bouygues Telecom	3,649	4,525	+ 3% <sup>(2)</sup>
Holding and other	293	263	ns
<b>TOTAL</b>	<b>20,894</b>	<b>24,073</b>	<b>+ 15%</b>
<i>o/w international</i>	<i>5,989</i>	<i>7,127</i>	<i>+ 19%</i>
<b>TOTAL on comparable basis</b>	<b>21,655</b>	<b>24,073</b>	<b>+ 11%</b>

(1) Excluding TPS

(2) Compared with 2004 sales figure factoring in mobile-to-mobile billing estimated at 2004 call termination rate; net sales from network: + 4% on a comparable basis.

## Contribution of business areas to Group EBITDA

Million euros - IFRS	2004	2005	Change	2005 share of total
Bouygues Construction	413	547	+ 32%	16%
Bouygues Immobilier	143	203	+ 42%	6%
Colas	655	867	+ 32%	25%
TF1 <sup>(1)</sup>	491	476	- 3%	13%
Bouygues Telecom	1,176	1,349	+ 15%	38%
Holding and other	65	63	ns	2%
<b>TOTAL</b>	<b>2,943</b>	<b>3,505</b>	<b>+ 19%</b>	<b>100%</b>

EBITDA = current operating profit + net amortisation expense + net charges to depreciation and provisions

(1) Excluding TPS

## Contribution of business areas to Group operating profit

Million euros - IFRS	2004	2005	Change
Bouygues Construction	168	238	+ 42%
Bouygues Immobilier	119	156	+ 31%
Colas	310	389	+ 25%
TF1 <sup>(1)</sup>	381	353	- 7%
Bouygues Telecom	597	598	=
Holding and other	(18)	14	ns
<b>TOTAL</b>	<b>1,557</b>	<b>1,748</b>	<b>+ 12%</b>

(1) Excluding TPS

# Contribution of business areas to Group net profit

## ■ Group share

Million euros - IFRS	2004	2005	Change
Bouygues Construction	141	176	+ 25%
Bouygues Immobilier	64	90	+ 41%
Colas	242	296	+ 22%
TF1 <sup>(1)</sup>	93	101	+ 9%
Bouygues Telecom	275	301	+ 9%
Holding and other	(115)	(132)	ns
<b>TOTAL excluding Saur</b>	<b>700</b>	<b>832</b>	<b>+ 19%</b>
<b>TOTAL</b>	<b>909</b>		<b>- 8%</b>

(1) Including TPS



# BOUYGUES: return on capital employed <sup>(1)</sup>

	2003 French GAAP	2004 IFRS	2005 IFRS
<b>At business level</b>			
Bouygues Construction <sup>(2)</sup>	+++	+++	+++
Bouygues Immobilier <sup>(3)</sup>	+++	+++	+++
Colas	22.8%	26.8%	34.6%
TF1	16%	17.9%	15.5%
Bouygues Telecom	8.5%	12.3%	15.4%
<b>At Group level</b>			
<b>Bouygues</b>	<b>8.6%</b>	<b>12.7%</b>	<b>16.5%</b>

(1) Current operating profit after tax and share of companies accounted for by the equity method / average capital employed (shareholders' equity + debt)

(2) Bouygues Construction's return on capital employed is not significant as its business areas generate a substantial cash surplus. This is one of the major strengths of the construction business, which does not require capital to expand.

(3) Bouygues Immobilier shows very high return on capital employed as it has produced exceptionally high levels of net cash over the past few years due to the economic situation.

## Contribution of business areas to Group cash flow

Million euros - IFRS	2004	2005	Change
Bouygues Construction	291	411	+ 41%
Bouygues Immobilier	125	161	+ 29%
Colas	623	781	+ 25%
TF1 <sup>(1)</sup>	483	453	- 6%
Bouygues Telecom	1,159	1,261	+ 9%
Holding and other	33	23	ns
<b>Cash flow</b>	<b>2,714</b>	<b>3,090</b>	<b>+ 14%</b>

(1) Including TPS: €17m in 2004 and €40m in 2005

# Contribution of business areas to Group net investments

## ■ Net operating investments

Million euros - IFRS	2004	2005	Change
Bouygues Construction	73	56	- 23%
Bouygues Immobilier	4	4	=
Colas	348	411	+ 18%
TF1 <sup>(1)</sup>	79	155	+ 96%
Bouygues Telecom	502	584	+ 16%
Holding and other	41	19	ns
<b>TOTAL</b>	<b>1,047</b>	<b>1,229</b>	<b>+ 17%</b>

(1) Including TPS: €7m in 2004 and €24m in 2005

## Contribution of business areas to Group free cash flow

Million euros - IFRS	2004	2005	Change
Bouygues Construction	187	273	+ 46%
Bouygues Immobilier	81	105	+ 30%
Colas	175	239	+ 37%
TF1	254	170	- 33%
Bouygues Telecom	398	431	+ 8%
Holding and other	(88)	(114)	ns
<b>TOTAL</b>	<b>1,007</b>	<b>1,104</b>	<b>+ 10%</b>

Free cash flow = cash flow – cost of net financial debt – income tax expense  
– net operating investments

# BOUYGUES: condensed consolidated balance sheet

Million euros - IFRS	End-2004	End-2005
<b>Non-current assets</b>	11,481	11,444
<b>Current assets</b>	12,467	12,590
<b>Held-for-sale assets</b>	/	564
<b>TOTAL ASSETS</b>	<b>23,948</b>	<b>24,598</b>
<b>Shareholders' equity</b>	4,978	5,561
<b>Non-current liabilities</b>	5,982	6,075
<b>Current liabilities</b>	12,988	12,612
<b>Held-for-sale liabilities</b>	/	350
<b>TOTAL LIABILITIES</b>	<b>23,948</b>	<b>24,598</b>
<b>Net debt</b>	1,875	2,352 <sup>(1)</sup>
<b>Restated net debt</b>	2,508	

(1) Of which €460m booked under the agreement concluded with BNP Paribas

# BOUYGUES: 2005 cash position

	<i>In €m</i>
■ <b>Net cash at 31 December 2004</b>	<b>(1,875)</b>
✓ Exceptional payout on 7 January 2005	- 1,664
✓ Proceeds from disposal of Saur	+ 1,031
■ <b>Restated net cash at 31 December 2004</b>	<b>(2,508)</b>
✓ Impact of scope of consolidation (disposal of TPS and businesses in Mali and Italy)	+ 192
✓ Ordinary dividends paid by Bouygues, Colas and TF1 (minority interests)	- 339
✓ Capital increase for Bouygues Confiance 3 scheme (2005 share)	+ 196
✓ Acquisitions and disposals	- 239
✓ Buyback of own shares	- 362
✓ Miscellaneous (Bouygues Telecom fine, exceptional tax charge, etc.)	- 120
✓ Operation	+ 1,288
■ <b>Net cash at 31 Dec. 2005 before Bouygues Telecom option</b>	<b>(1,892)</b>
✓ Agreement with BNP Paribas for 6.5% stake in Bouygues Telecom	- 460
■ <b>Net cash at 31 December 2005</b>	<b>(2,352)</b>

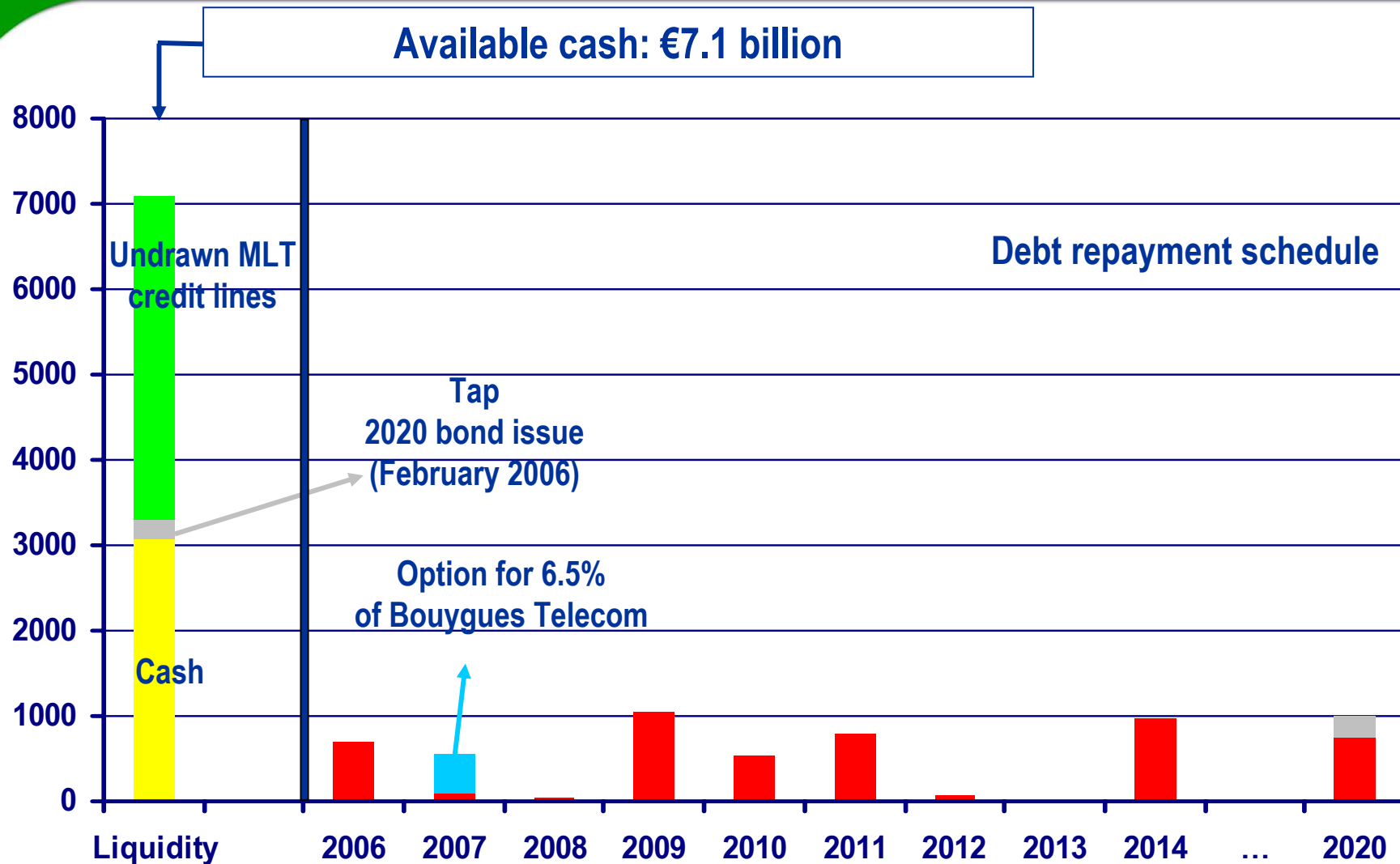
## BOUYGUES: net cash by business area

Million euros - IFRS	End- 2004	End-2005	Change (€m)
Bouygues Construction	1,523	1,874	+ 351
Bouygues Immobilier	249	150	- 99
Colas	423	415	- 8
TF1	(409)	(351) <sup>(1)</sup>	+ 58
Bouygues Telecom	(1,197)	(441)	+ 756
Holding and other	(2,464)	(3,999)	- 1,535
<b>TOTAL</b>	<b>(1,875)</b>		<b>- 477</b>
<b>Restated TOTAL <sup>(2)</sup></b>	<b>(2,508)</b>	<b>(2,352)</b>	<b>+ 156</b>

(1) Excluding TPS

(2) Restated net debt at end-2004 included the exceptional payout of €1.7 billion, and the proceeds from the disposal of Saur (€1 billion), both completed at the beginning of 2005

# BOUYGUES: financing policy



*Very substantial liquidity*  
*Evenly spread debt repayment schedule*





- **HIGHLIGHTS**
- **BUSINESS AREAS**
- **ACCOUNTS**
- **OUTLOOK AND OBJECTIVES**

## BOUYGUES : 2006 sales targets

Million euros (IFRS)	2005	2006 target	Change
Bouygues Construction	5,815	6,100	+ 5%
Bouygues Immobilier	1,557	1,750	+ 12%
Colas	9,424	10,050	+ 7%
TF1	2,489	2,600	+ 4%
Bouygues Telecom	4,525	4,560	+ 1%
Holding and other	263	240	- 9%
<b>TOTAL</b>	<b>24,073</b>	<b>25,300</b>	<b>+ 5%</b>
<i>o/w France</i>	<i>16,946</i>	<i>17,900</i>	<i>+ 6%</i>
<i>o/w International</i>	<i>7,127</i>	<i>7,400</i>	<i>+ 4%</i>

# BOUYGUES: strengths and outlook

## ■ Thanks to genuine strengths...

- ✓ businesses with strong positions on buoyant markets
- ✓ complementary business activities and good visibility
- ✓ a strong, entrepreneurial corporate culture

## ■ ...the outlook for Bouygues is favourable

- ✓ increase in sales and profitability
- ✓ substantial generation of free cash flow
- ✓ reduction in debt

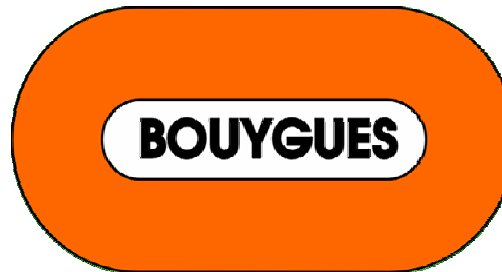
# BOUYGUES: ambitions

- Pursue sustained internal growth strategy
- Seize opportunities for external growth at reasonable prices
  - ✓ at subsidiary level by giving priority to high-quality businesses
  - ✓ at Group level by identifying new activities in which Bouygues' expertise can create value

## BOUYGUES: financial calendar

- **27 April 2006** Annual Meeting of Shareholders
- **3 May 2006** Dividend payment
- **11 May 2006** 2006 first-quarter sales
- **8 June 2006** 2006 first-quarter earnings
- **10 August 2006** 2006 first-half sales
- **6 September 2006** 2006 first-half earnings
- **9 November 2006** 2006 9-month sales
- **7 December 2006** 2006 9-month earnings

# **PRESENTATION OF 2005 ANNUAL ACCOUNTS**



**PARIS**

**1 March 2006**