

## PRESS RELEASE

Boulogne-Billancourt, 27 July 2017

### H1 2017: growth of Internet revenues, good performance of Digital Marketing, but margin deterioration

#### H1 2017 results :

- Internet revenues : €323 million, +1%<sup>1</sup>
- EBITDA<sup>2</sup> : €91 million, -18%<sup>1</sup>, EBITDA<sup>3</sup> to revenue margin of 24%

#### Outlook for 2017 revised downward :

- Internet revenue growth : +1% to +3%<sup>4</sup>
- EBITDA<sup>2</sup> : ≥ €200 million

As announced, the Internet growth of this last quarter has been impacted negatively by uncertainty related to the financial restructuring of end 2016. Furthermore, the sales order dynamic has been slowed down over recent weeks by a slower adoption of our higher value Search products, which will ultimately make our audiences more profitable. The engaged action plan to foster these new solution adoption by our clients give early positive signs. At the same time, our Digital Marketing offerings continue to be a source of strong growth.

The Board of Directors welcomes the quality of the candidates for the position of SoLocal's CEO and will be able to announce the name of the new CEO at the end of the summer.

#### I. Revenues and EBITDA

The Board of Directors approved the Group's consolidated accounts as of 30 June 2017.

In millions of euros	H1 2016	H1 2017	Change
<b>Internet revenues</b>	<b>322</b>	<b>323</b>	<b>+1%</b>
<b>Local Search</b>	<b>243</b>	<b>235</b>	<b>-3%</b>
<i>Number of visits (in million)</i>	1,206	1,256	+4%
<i>ARPA<sup>1</sup> (in €)</i>	485	492	+1%
<i>Number of clients (in thousand)</i>	501	477	-5%
<b>Digital Marketing</b>	<b>78</b>	<b>88</b>	<b>+13%</b>
<i>Penetration rate (in number of clients)</i>	23%	24%	+1pt
<b>Print &amp; Voice revenues</b>	<b>83</b>	<b>62</b>	<b>-25%</b>
<b>Revenues</b>	<b>405</b>	<b>386</b>	<b>-5%</b>

<sup>1</sup> Average Revenue Per Advertiser

<sup>1</sup> In H1 2017 vs H1 2016 (scope : continued activities)

<sup>2</sup> Total recurring EBITDA (Internet + Print & Voice)

<sup>3</sup> EBITDA to revenue margin : EBITDA / total revenues, before non recurring items    <sup>4</sup> 2017 vs 2016

The Group recorded revenues of €386 million in H1 2017, down -5% vs H1 2016.

**Internet revenues** of €323 million in H1 2017 were **up +1% vs H1 2016**, the strong Digital Marketing growth being partly offset by short-term decrease of Local Search.

- **Audience growth:** a steady audience growth of +4% in H1 2017 vs H1 2016, of which a mobile audience growth of +17%<sup>1</sup>.
- **Local search revenues:** -3% in H1 2017 vs H1 2016 :
  - **Local Search ARPA<sup>3</sup>:** +1%<sup>1</sup>, a growth slowdown related to the end of offering upgrade effect and to the impact of financial restructuring on commercial activity in Q4 2016
  - **Client base:** -5%<sup>1</sup>, slowdown of client base decrease reflecting the early improvement of retention
- **Digital Marketing revenues:** +13%<sup>1</sup>, acceleration of Digital Marketing with great successes of Booster contact and Sites privilèges (high-end websites) offerings. The Digital Marketing revenues represent 27% of Internet revenues this half-year.

**Print & Voice revenues** of €62 million in H1 2017 **decreased by -25%** vs H1 2016. This business accounts for 16% of total revenues this half-year.

In millions of euros	H1 2016	H1 2017	Change
<b>Internet recurring EBITDA</b>	<b>90</b>	<b>81</b>	<b>-9%</b>
<i>EBITDA / revenue margin</i>	28%	25%	-3 pts
<b>Print &amp; Voice recurring EBITDA</b>	<b>22</b>	<b>10</b>	<b>-56%</b>
<i>EBITDA / revenue margin</i>	27%	15%	-11 pts
<b>Recurring EBITDA</b>	<b>112</b>	<b>91</b>	<b>-18%</b>
<i>EBITDA / revenue margin</i>	28%	24%	-4 pts

Note: Table concerning the continued activities

**Recurring EBITDA** was **€91 million** in H1 2017, down -18% vs H1 2016 (the EBITDA to revenue margin reached 24% in H1 2017, down by 4 points vs H1 2016), mainly due to the reduction of Print & Voice contribution (EBITDA to revenue margin declined from 27% to 15% for this business line) and the Local Search revenue decrease, leading to a contraction of Internet EBITDA margin from 28% to 25%.

<sup>1</sup> In H1 2017 vs H1 2016 (scope : continued activities)

<sup>2</sup> EBITDA to revenue margin : EBITDA / total revenues, before non recurring items

## II. Net income and financial structure

In millions of euros	H1 2016 <sup>1</sup>	H1 2017	Change
<b>Recurring EBITDA</b>	<b>112</b>	<b>91</b>	<b>-18%</b>
Depreciation and amortisation <sup>1</sup>	(27)	(30)	+11%
Net financial expense before debt restructuring	(37)	(11)	+71%
Corporate income tax <sup>1</sup>	(21)	(21)	-2%
<b>Recurring income</b>	<b>27</b>	<b>29</b>	<b>+11%</b>
Contribution to net income from non recurring items	(1)	(2)	+37%
Net gain from debt restructuring	-	278	na
<b>Net income</b>	<b>25</b>	<b>306</b>	<b>na</b>

<sup>1</sup> restated for the retrospective application of IAS 20 concerning the CIR

**Depreciation and amortisation** amounted to **-€30 million** in H1 2017, up +11% vs H1 2016, mainly related to the launch of new intelligent search engine.

**The financial result before debt restructuring** was **-€11 million** in H1 2017, an improvement of +71% compared to H1 2016, mainly resulting from debt reduction.

**Corporate income tax** amounted to **-€21 million** in H1 2017, a decrease of 2% vs H1 2016.

**Recurring income from continued activities** amounted to **€29 million** in H1 2017, up +11% compared to H1 2016.

In H1 2017, the group recorded a **net gain of €278 million resulting from the restructuring of its debt**. This gain resulted mainly from a positive non-monetary difference of €298 million (without any tax impact) between the carrying amount of the debt converted into equity instruments and the fair value of these instruments in accordance with IFRIC 19.

The Group's **net income** totalled **€306 million** in H1 2017, compared to net income of €25 million in H1 2016.

**Net debt<sup>3</sup>** totalled **€355 million as of 30 June 2017**. The financial leverage covenant was 1.71x at this date.

The Group's **net cash flow from continued activities** was **-€46 million** in H1 2017, -€14m excluding 2016 interests related to the debt before financial restructuring (€32 million), down €48m reflecting an increase of corporate income tax paid, the decrease of EBITDA and a temporarily higher deterioration of working capital needs related to the product mix evolution.

**As of 30 June 2017, the Group had a net cash position of €48 million<sup>4</sup>.**

<sup>1</sup> Net debt is the gross financial debt plus or minus the fair net asset value of asset and/or liability derivative instruments used for cash flow hedging purposes, minus cash and cash equivalents.

<sup>3</sup> Net debt is the gross financial debt plus or minus the fair net asset value of asset and/or liability derivative instruments used for cash flow hedging purposes, minus cash and cash equivalents.

<sup>4</sup> Net of bank overdrafts

### III. Outlook

The sales order trend slowed down in Q2 2017. Indeed, the upgrade of our customers' Search offerings towards higher value products, which will ultimately make our audiences more profitable, takes longer than originally planned. Expenses and investments are managed accordingly.

Therefore, the Group revised downward its outlook for 2017 :

	2016	2017 former outlook	2017 new outlook
Internet revenue growth :	+1% <sup>2</sup>	+3% to +5% <sup>2</sup>	+1% to +3% <sup>2</sup>
EBITDA <sup>1</sup> :	€229m	€210 to 225m	≥ €200m

The multi-year plan has not been updated at this stage and the potential impacts in subsequent years have not been assessed.

The Board of Directors welcomes the quality of the candidates for the position of SoLocal's CEO and will be able to announce the name of the new CEO at the end of the summer.

<sup>1</sup> Total recurring EBITDA (Internet + Print & Voice)

<sup>2</sup> year on year evolution

### About SoLocal Group

SoLocal Group, European leader in local online communication, reveals local know-how, and boosts local revenues of businesses. The Internet activities of the Group are structured around two business lines: Local Search and Digital Marketing. With Local Search, the Group offers digital services and solutions to clients which enable them to enhance their visibility and develop their local contacts. Thanks to its expertise, SoLocal Group earned the trust of some 490,000 clients of those services and over 2.4 billions of visits via its 4 flagship brands (PagesJaunes, Mappy, Ooreka and A Vendre A Louer) but also through its partnerships. With Digital Marketing, SoLocal Group creates and provides the best local and customised content about professionals. With over 4,400 employees, including a new orders force of 1,900 local communication advisors specialised in five verticals (Home, Services, Retail, Health & Public, BtoB) and Internationally (France, Spain, Austria, United Kingdom), the Group generated in 2016 revenues of 812 millions euros, of which 80% on Internet and ranks amongst the first European players in terms of Internet advertising revenues. SoLocal Group is listed on Euronext Paris (LOCAL). More information may be obtained at [www.solocalgroup.com](http://www.solocalgroup.com).

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## IV. Appendices

### Consolidated Income Statement

In million euros

	As at 30 June 2016			As at 30 June 2017			Change Recurring
	Total	Recurring	Non recurring	Total	Recurring	Non recurring	
Revenues	405	405		386	386		-5%
Net external expenses	(105)	(105)		(101)	(101)		-4%
Staff expenses	(188)	(188)		(193)	(193)		3%
<b>Recurring EBITDA</b>	<b>112</b>	<b>112</b>		<b>91</b>	<b>91</b>		<b>-18%</b>
<b>EBITDA</b>	<b>110</b>	<b>112</b>	<b>(2)</b>	<b>88</b>	<b>91</b>	<b>(3)</b>	<b>-18%</b>
Depreciation and amortization	(27)	(27)		(30)	(30)		11%
<b>Operating income</b>	<b>83</b>	<b>85</b>	<b>(2)</b>	<b>58</b>	<b>61</b>	<b>(3)</b>	<b>-28%</b>
Net gain from debt restructuring as at 13 March 2017				266		266	na
Other financial income	1	1		-	-		na
Financial expenses	(38)	(38)		(11)	(11)		-71%
<b>Financial income</b>	<b>(37)</b>	<b>(37)</b>		<b>255</b>	<b>(11)</b>	<b>266</b>	<b>71%</b>
<b>Income before tax</b>	<b>46</b>	<b>48</b>	<b>(2)</b>	<b>313</b>	<b>50</b>	<b>263</b>	<b>5%</b>
Corporate income tax	(21)	(21)	1	(8)	(21)	13	-2%
<b>Income for the period</b>	<b>25</b>	<b>27</b>	<b>(1)</b>	<b>306</b>	<b>29</b>	<b>276</b>	<b>11%</b>

(\*) restated for the retrospective application of IAS 20 concerning the Crédit impôt recherche

## Consolidated Cash Flow Statement

In millions of euros	H1 2016	H1 2017
<b>Recurring EBITDA</b>	<b>112</b>	<b>91</b>
Non monetary items included in EBITDA and other	0	(1)
Net change in working capital	(19)	(30)
Acquisition of tangible and intangible fixed assets	(36)	(26)
Cash financial income	(18)	(41)
Non recurring items	(15)	(11)
Acquisition costs of shares	-	-
Corporate income tax paid	11	(27)
<b>Net cash flow</b>	<b>35</b>	<b>(46)</b>
Increase (decrease) in borrowings and bank overdrafts	15	(270)
Capital increase	-	273
Other	5	1
<b>Net cash variation</b>	<b>54</b>	<b>(43)</b>
Net cash and cash equivalents at beginning of period	53	91
<b>Net cash and cash equivalents at end of period</b>	<b>108</b>	<b>48</b>

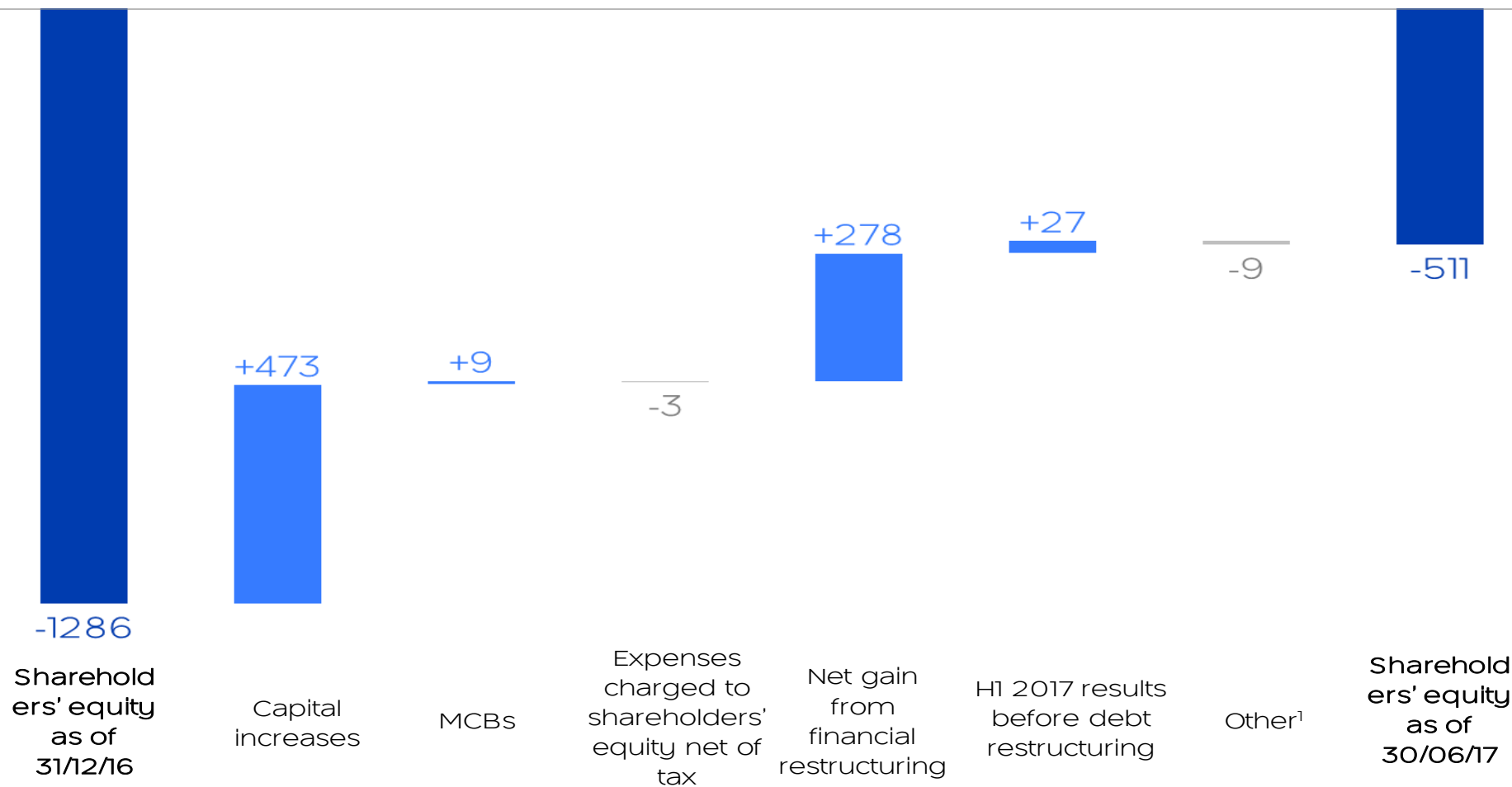
## Consolidated Balance Sheet

In million of euros

<b>ASSETS</b>	<b>30-Jun-16</b>	<b>31-Dec-16</b>	<b>30-Jun-17</b>
<b>Total non-current assets</b>	<b>263</b>	<b>264</b>	<b>259</b>
Net goodwill	95	96	96
Other net intangible fixed assets	126	128	127
Net tangible fixed assets	33	33	28
Other non-current assets of which deferred tax assets	8	7	8
<b>Total current assets</b>	<b>489</b>	<b>506</b>	<b>402</b>
Net trade accounts receivable	293	321	282
Acquisition costs of contracts	32	35	30
Prepaid expenses	12	6	9
Cash and cash equivalents	111	91	49
Other current assets	41	53	32
<b>TOTAL ASSETS</b>	<b>752</b>	<b>769</b>	<b>660</b>
<b>LIABILITIES</b>			
<b>Total equity</b>	<b>(1,310)</b>	<b>(1,286)</b>	<b>(511)</b>
<b>Total non-current liabilities</b>	<b>122</b>	<b>127</b>	<b>517</b>
Non-current financial liabilities and derivatives	3	1	399
Employee benefits (non-current)	100	88	103
Other non-current liabilities	20	38	15
<b>Total current liabilities</b>	<b>1,941</b>	<b>1,928</b>	<b>654</b>
Bank overdrafts and other short-term borrowings	1,177	1,186	7
Deferred income	435	408	370
Employee benefits (current)	100	116	98
Trade accounts payable	102	99	84
Other current liabilities	127	118	95
<b>TOTAL LIABILITIES</b>	<b>752</b>	<b>769</b>	<b>660</b>

Shareholders' equity

*In millions of euros*



<sup>1</sup> Changes in shareholders' equity without any impact on net income