

Boulogne-Billancourt, 22<sup>nd</sup> October 2020

**Third Quarter 2020:**  
**Digital Revenue decrease by 13.6% in line with the operating plan**  
**77% of Digital customer base in subscription mode<sup>6</sup>**  
**Financial restructuring plan achieved**  
**2020 Guidance confirmed**

### Q3 2020 activity: encouraging signs of recovery

- 81% of Digital order intake have been signed in subscription mode over the quarter
- Customer migration rate<sup>3</sup> of 90% over the quarter
- As of 30<sup>th</sup> September 2020, 218,000+ customers on new Digital service offer
- ARPA<sup>7</sup> up +1.8% compared to 30<sup>th</sup> June 2020

### Revenue reflecting the lockdown effects in France

- Digital revenue : €106.8 million in Q3 2020, i.e. -13.6%<sup>1</sup> vs. Q3 2019
- Total revenue : €112.6 million in Q3 2020, i.e. -17.9%<sup>1</sup> vs. Q3 2019
- Digital order backlog of €293 million as at 30<sup>th</sup> September 2020, decreasing by -5.6% vs. 30<sup>th</sup> June 2020 (mainly due to a seasonality effect of order intake in August<sup>2</sup>)

### 2020 Guidance

- **€419 million already secured Digital revenue for 2020 as at 30th September 2020**
- The group confirms its objectives i.e. **-15% Digital revenue vs. 2019<sup>1</sup>** and a **Group EBITDA of over €130 million.**

### Update on Financial position

- Cash on balance sheet of **€46 million** as at 30<sup>th</sup> September 2020 (including €32 million of “Prêt Atout” loan drawdown and a bond issue of €16 million<sup>4</sup> in August 2020 and before the rights issue proceeds)
- **The Capital Increase, completed on 7th October 2020**, has secured a €85 million cash injection and allowed a Group’s debt reduction by half

**When releasing Q3 2020 revenue, Pierre Danon, Solocal Chairman of the Board and Chief Executive Officer, said:**

*“Given the exceptional context of these past months, we achieved a satisfactory performance over this quarter, with Digital revenue in line with our business plan assumptions. But satisfaction mostly stems from the evolution of our main operational KPIs. The increasing proportion of subscription-based products in our order intake figures cogently reflects the transformation implemented and the successful roll-out of our new Digital offer. Step by step, we are moving towards a more recurring model with better retention. These changes free up resources in order to better focus on customer satisfaction, revenue development of the existing customer base and new client acquisition. These three topics are key takeaways for the future growth of the company, which is now underpinned by a strengthened financial structure. There is still a long way to go, but the groundwork has been laid to get through the crisis and seize the opportunity to take advantage of the upcoming recovery.*

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Quarterly financial statements have not been audited. Financial items presented in this press release for Q3 2019 are revised in light of the scope of continued activities as at 30th September 2020.

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## 1. Revenue and order backlog

Solocal **revenue**<sup>1</sup> in the third quarter of 2020 are as follows:

<i>In million euros</i>	<b>Q3 2019</b>	<b>Q3 2020</b>	<b>Change</b>	<b>Ytd 2019</b>	<b>Ytd 2020</b>	<b>Change</b>
Digital revenues	123.7	106.8	-13.6%	379.3	332.1	-12.5%
Print revenues	13.4	5.8	-57.0%	49.4	25.2	-48.9%
<b>Total revenues</b>	<b>137.1</b>	<b>112.6</b>	<b>-17.9%</b>	<b>428.7</b>	<b>357.3</b>	<b>-16.6%</b>

Consolidated revenue<sup>1</sup> in the third quarter 2020 amounted to **€113 million**, down -17.9% compared to revenue in the third quarter 2019<sup>1</sup>. It breaks down into €107 million in Digital revenue and €6 million in Print revenue. Print activity now represents no more than 5.1% of total revenue of the quarter.

**Digital revenue of €107 million** in the third quarter 2020 decreased by -13.6 % compared to the third quarter of 2019<sup>1</sup> mainly due to a volume effect impacted by the decrease of business activity in the context of Covid-19 health crisis but also because of the improvement in the average maturity of the products sold, which therefore convert more slowly into revenue.

Digital revenue are composed of three activities: Advertising (58% of the first nine months of 2020 Digital revenue), Websites (15%) and Digital Presence (27%).

**Secured Digital revenue** for 2020 amount to **€419 million**, 69% coming from 2018 and 2019 order intake and 31% from order intake generated since 1<sup>st</sup> January 2020. In the first semester of 2020, Digital revenue already secured for 2020 amounted to €388 million.

<i>In million euros</i>	<b>30/06/2019</b>	<b>30/06/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>
Secured Digital revenue for current year	444	388	480	419

**Solocal's order backlog**<sup>2</sup> as at **30<sup>th</sup> September 2020** breaks down as follows:

<i>In million euros</i>	<b>30/06/2020</b>	<b>30/09/2020</b>	<b>Change</b>
Digital order backlog	310.8	293.4	-5.6%
Print order backlog	6.0	1.3	-78.3%
<b>Total order backlog</b>	<b>316.9</b>	<b>294.7</b>	<b>-7.0%</b>

The total order backlog<sup>2</sup> amounted to **€295 million as at 30<sup>th</sup> September 2020**, down -7.0% compared to 30<sup>th</sup> June 2020. The Digital order backlog<sup>2</sup> amount results from order intake seasonality in the third quarter (very low order intake in August) compared to the almost linear revenue recognition over the same period.

The Digital order backlog of €293 million will be converted into revenue in the following quarters as follows:

Digital Backlog 30/09/2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Conversion into revenues	31.3%	24.3%	18.9%	13.3%	5.5%	3.1%	2.2%	1.0%	0.3%	0.1%

## 2. Key operational performance Indicators

Solocal's performance indicators as at 30<sup>th</sup> September 2020 are as follows:

	Q3 2019	Q3 2020	Change	H1 2020
Subscription-based order intake (as a % of Digital order intake)	55,0%	81,0%	+26pts	79,0%
<b>Digital ARPA LTM</b>	-	<b>c. 1520</b>	-	<b>c. 1493</b>
<b>Digital customers EoP<sup>(a)</sup></b>	-	<b>c. 329k</b>	-	<b>c. 336k</b>
Churn over the quarter in thousand of customers	-24k	-20k	-	-
Traffic : number of PagesJaunes visits (in million)	504	493	-2,2%	944

(a) Average of the last twelve months, at Group level excluding QdQ

81% of order intake<sup>5</sup> over the third quarter were subscription-based, i.e. an increase of +26 pts compared to the third quarter of 2019. These order intake<sup>5</sup> mainly include Priority Ranking and Presence offers, Websites and Booster Contact. This subscription-based order intake rate has been constantly increasing since the full roll-out of new digital Presence and Priority Ranking services in July 2019. This increase in subscription-based order intake is a structural element of the transformation of the business model because it allows (i) the decrease in churn (ii) but above all, it must allow the increase in acquisition of new clients and cross-selling of existing clients by freeing up time for the salesforce historically dedicated to the renewal activity

As of 30<sup>th</sup> September 2020, the Presence & Priority Ranking offers in subscription mode have more than **218,000 customers**. The migration rate of VSEs/SMEs is stable compared to previous quarters, **90%**<sup>3</sup> in the third quarter of 2020. Including the other products, **77% of the customer base** is now in subscription mode<sup>6</sup>.

**The Digital customer base** decreased by c. -7,000 clients at the end of the third quarter of 2020 compared to the end of 2019, **to 329,000 customers**. This trend is mainly due to the health crisis and lockdown measures which have slowed down the expected acquisition momentum due to the temporary or definitive closures of many businesses.

Churn remained stable over the last twelve months. Solocal lost **-20,000 customers and gained +13,000** new customers over the third quarter of 2020.

**Despite the health crisis, the ARPA<sup>7</sup>** slightly increased by +1.8% vs. the end of the second quarter of 2020 and reaches c. **€1,520** at the end of the third quarter of 2020, thereby

demonstrating the first beneficial effects of subscription mode on upselling and cross-selling.

**PagesJaunes traffic** is down -2.2% in the third quarter of 2020 compared to the third quarter of 2019, impacted by the health crisis and lockdown having penalized the entire French economy. This decrease is about -7.1% in the first nine months of 2020 vs. the same period in 2019.

### 3. Reminder on Group strengthening financial structure plan

All resolutions related to the financial structure strengthening plan were largely endorsed, with more than **93% votes in favour**, at the Combined General Meeting (“CGM”) of the shareholders which took place on 24<sup>th</sup> July 2020 in Paris. As a reminder, this plan relied on a **€347 million capital increase**, thus securing a €85 million cash injection and allowing a €244 million to €262 million debt reduction.

In order to cover the short-term liquidity needs, it has been completed by an **additional €32 million financing**, consisting of a €16 million “prêt ATOUT” loan granted by BPI France and the issuance of a €16 million Bond<sup>4</sup> subscribed by some of the Bondholders.

These transactions have been settled in August and September 2020.

The **share capital increase** with shareholders’ preferential subscription rights for a total amount of €335,957,607.87 (including issuance premium) has been completed at the very beginning of October 2020 via the issuance of 11,198,586,929 new shares including around:

- €84.64 million subscribed in cash by the market;
- €0.94 million subscribed in cash by certain members of the ad hoc committees of the Bondholders in accordance with their subscription commitments;
- €58.25 million converted by GoldenTree and Financière de la Clarée by set-off against their receivables by exercising their preferential subscription rights;
- €192.12 million converted by the bondholders by set-off against their receivables.

This strengthening financial structure plan brings **€117 million** of cash in the Group and **reduces its gross debt by approximately €260 million**, so that it now amounts to c. €256 million (*before application of the IFRS 16 standard*)

After all such transactions, **GoldenTree** becomes the first shareholder of the Company by holding **26.00% of the share capital of the Company**, while the existing shareholders and new investors hold 31.45% of the Company’s outstanding share capital and the other bondholders hold the remaining 42.54%.

#### 4. Cash position and perspectives 2020 & 2021

As at 30<sup>th</sup> September 2020, cash on balance sheet was **€46 million**, after the drawdown of the additional financing line of €32 million used in August and September 2020 in order to cover the short-term liquidity needs, as scheduled in the strengthening financial structure plan.

This cash position doesn't include the cash proceeds scheduled in the share capital increase completed on 7<sup>th</sup> October 2020, i.e. €85 million of additional cash.

Overall, the strengthening financial structure plan has brought **€117 million** of cash in the Group and has **reduced the gross debt by approximately €260 million**, so that it will amount to around €256 million (*before application of the IFRS 16 standard*)

As previously announced, Solocal **confirms its target**, with a 2020 revenue<sup>1</sup> decrease by c. -20%, including a 2020 Digital revenue<sup>1</sup> decrease by c. -15% compared to last year, underpinned by more than 95% revenue already secured as at 30<sup>th</sup> September 2020. The full year 2020 EBITDA<sup>1</sup> is still expected above €130 million at Group level.

For 2021, the roadmap is also confirmed with a return to Digital revenue growth. **2021 EBITDA** should amount to c. **€120 million**, affected by the decrease in 2020 order intake and the end of the Print activity.

#### Next major dates in the financial calendar

The next financial calendar dates are as follows:

- ✓ Combined General Meeting on 27th November 2020;
- ✓ Annual Results 2020 on 18<sup>th</sup> February 2021.

## Notes

<sup>1</sup> Comparable scope. 2019 and 2020 figures are restated from the figures of the subsidiary QDQ, sold on 28<sup>th</sup> February 2020

<sup>2</sup> Based on order intake net of cancellations. Order intake backlog EoP = Order intake Backlog BoP + order intakes of the quarter – revenue of the quarter.

<sup>3</sup> Migration Rate: number of clients migrated to the new Presence and Priority Ranking offer vs. relevant customer base (excluding Large Accounts)

<sup>4</sup> the Bonds have a nominal amount of €17.8 million while the amount received by Solocal was €16 million (OID)

<sup>5</sup> Digital order intake, Solocal SA scope, in value and net of cancellations

<sup>6</sup> customers which subscribed to at least one product in subscription mode

<sup>7</sup> Scope: Solocal SA order intake

## Definitions

**Order intake:** Orders booked by the salesforce, that gives rise to a service performed by the Group for its customers

**Order backlog:** The order backlog corresponds to the outstanding portion of revenue yet to be recognised as at 30<sup>th</sup> September 2020 from order bookings such as validated and committed by customers. For income from subscriptions, only the current commitment period is considered

**Traffic:** Indicator of visits and of access to the content over a given period of time

**ARPA:** Average Revenue per Advertiser, based on the last twelve months order intake for Solocal SA

**Secured Digital revenue:** Digital revenue which will be generated in the upcoming period basing on the order intake and excluding cancellations & churn

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We are the local digital partner for companies. Our job: advising and supporting them to boost their activity thanks to our digital services (Digital Presence, Digital Advertising, Websites, New Print Solutions). We also provide users with the best possible digital experience with PagesJaunes, Mappy and Ooreka, and our partners (Google, Facebook, Apple, Microsoft/Bing, Yahoo!, etc.). We provide professionals and the public with our high audience services, geolocalised data, scalable technology platforms, unparalleled order intake coverage across France, our privileged partnerships with digital companies and our talents in terms of data, development, digital marketing, etc. We gather 330,000 companies all over France and 2.7 billion visits on our services. Solocal moreover benefits from the "Digital Ad Trust Classique" label for its PagesJaunes and Mappy digital services. To know more about Solocal (Euronext Paris "LOCAL"): let's keep in touch [@solocal](https://twitter.com/solocal).

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