

Sèvres, 13 November 2013

Results for the 3rd quarter 2013 of Solocal Group

- Revenues decrease at the end September of 5.6% on a like-for-like basis¹ in a deteriorated environment
- The Group slightly lowers its 2013 objectives:
 - Revenues of around € 1 billion
 - Gross operating margin of about € 420 million
- Acceleration of Digital 2015 transformation program and investments to sustain Internet growth in 2014 and beyond

On the announcement of Solocal Group's 3rd quarter of 2013 results, Jean-Pierre Remy, Chairman and CEO, said:

"The Group's 3rd quarter results are in line with our expectations in a deteriorated environment. In this context, we have achieved important steps of our digital transformation program: very strong growth of +25%² of our fixed and mobile Internet traffic towards professionals, enrichment of our offers, commercial agreement signed with Google and on-going verticalization of our sales approach. 2014 will see an acceleration of the transformation program and investments to enable the Group to return to growth in 2015. One of our priorities is both to sustain the very dynamic growth of our traffic and to better monetize and market our digital audiences, one of the challenges of Digital 2015."

The Board of Directors approved the Group's consolidated financial statements as at 30 September 2013.

In millions of euros	9M 2013	9M 2012	Change	Like-for-like basis
Group revenues	749.4	799.9	-6.3%	-5.6%
of which Internet	471.0	463.3	+1.7%	+2.0%
as % of Group revenues	62.9%	57.9%		
Gross operating margin	328.8	361.8	-9.1%	-8.3%
as % of Group revenues	43.9%	45.2%		

¹ Excluding Editus and Chronoresto

² Internet fixed and mobile, PagesJaunes.fr Audiences excluding PagesBlanches, internal source

I. Highlights of 3rd quarter 2013

Revenues decrease at the end of September in a deteriorated environment

- Group revenues decrease of 5.6%³
- Print revenues decrease of 15.9%³
- Internet revenues growth of 2.0%³
- ...in an advertising market in France expected for 2013 at -2.5%⁴, 4% lower than in Q4 2012

Sustained acceleration of growth in audiences

- Solocal Group: +9% of visits⁵ of which 29% mobile visits in Q3 2013
- PagesJaunes.fr: +25% of traffic⁶ towards professionals in Q3 2013
- Mobile: more than 28 million application downloads at the end of September 2013, up +44% in one year

Continuation of Digital 2015 transformation program

- Significant investment: 50+ transformation projects in 2013 and 2014
- Customers: verticalized organization in sales, marketing and operations
- Performance-based clic offers (Google) and contacts : e-commerce, deals, transactional links
- Reinforcing evidence of Return on Investment (ROI) delivered to customers: +330K companies enrolled in the business center
- Strong development of Web-2-Store with Mappy and Leadformance

II. Trend in fixed and mobile Internet audiences

In millions of visits	9M 2013	9M 2012	Change
PagesJaunes	983.1	893.6	+10.0%
of which mobile	249.7	167.1	+49.4%
Mappy	241.2	236.1	+2.2%
of which mobile	85.2	53.6	+59.0%
Other (a)	143.9	135.0	+6.6%
Total excluding 123people	1,368.2	1,264.7	+8.2%
of which mobile	343.0	224.1	+53.0%
123people	173.9	331.0	-47.5%

Source : Solocal Group

(a) on a like-for-like basis

Audiences on the Group's websites (excluding 123people) grew by +8.2% in the first nine months of 2013 compared with 2012, thanks in particular to the strong growth of 53.0% in mobile Internet visits. At the end of September 2013, Solocal Group applications (primarily PagesJaunes and Mappy) had been downloaded more than 28 million times across all smartphones and tablets in France.

The Group's websites continue to enjoy strong audiences in the 3rd quarter of 2013: 20 million unique visitors⁷ on the fixed Internet and 6 million unique visitors⁷ on the mobile Internet in September 2013 (respectively the 6th and 7th Group which websites are the most visited in France).

³ On a like-for-like basis (excluding Editus and Chronoresto)

⁴ French advertising market estimated in 2013 by Warc at -3.2% (in Oct. 2013 compared to +1.3% estimated in Nov. 2012) and by ZenithOptimedia at -2.5% (in Sept. 2013 compared to +1.4% estimated in Oct. 2012) and more than 10,000 company failures forecast for 2013 compared to 2012 according to an Altares study on 15/10/2013

⁵ compared to Q3 2012, excluding 123people, internal source

⁶ Fixed and mobile Internet, PagesJaunes.fr Audiences excluding PagesBlanches, internal source

⁷ Source: Médiamétrie NetRatings – September 2013

III. Financial Results

In millions of euros	9M 2013	9M 2012	Change
Group revenues	749.4	799.9	-6.3%
Internet	471.0	463.3	+1.7%
as % of Group revenues	62.9%	57.9%	
Printed directories	262.2	316.2	-17.1%
as % of Group revenues	35.0%	39.5%	
Other businesses	16.2	20.4	-20.6%
as % of Group revenues	2.2%	2.6%	
Gross operating margin	328.8	361.8	-9.1%
as % of Group revenues	43.9%	45.2%	
Internet	202.5	206.2	-1.8%
as % of Internet revenues	43.0%	44.5%	
Printed directories	121.4	147.7	-17.8%
as % of Printed directories revenues	46.3%	46.7%	
Other businesses	4.9	7.9	-38.0%
as % of Other businesses revenues	30.2%	38.7%	
Operating income	282.6	322.8	-12.5%
Net financial income	(101.0)	(95.0)	-6.3%
Share of profit or loss of an associate	0.3	(0.7)	na
Income before tax	181.9	227.2	-19.9%
Corporate income tax	(75.3)	(88.2)	+14.6%
Corporate income tax rate	41.4%	38.7%	
Net income	106.6	139.0	-23.3%

In a still difficult context, the Group recorded consolidated revenues down 5.6% on a like-for-like basis⁸ over the first nine months of 2013 (down 6.3% on reported figures).

- **Internet business represents 63% of Group's revenues and with low growth of +2.0% on a like-for-like basis⁸ (increase of 1.7% on reported figures) over the first nine months of 2013 impacted by the slowdown in display and search.**
- **The decrease in Printed directories is in line with our expectations and stands at -15.9% on a like-for-like basis⁸(down 17.1% on reported figures) over the first nine months of 2013 thanks to an appropriate pricing policy.**

The Group's gross operating margin of 328.8 million euros over the first nine months of 2013 is down -8.3% on a like-for-like basis⁸ (down 9.1% on reported figures) compared to 2012: the drop in gross operating margin is affected by the revenues decrease and the disposal of Editus partially offset by cost discipline on Paper-Print-Distribution and personnel. The gross operating margin amounts to 43.9% as of 30 September 2013 compared to 45.2% as of 30 September 2012, penalised by the absence of non-recurring income⁹ and by the lower Internet margin following the slowdown in display and search.

⁸ Excluding Editus and Chronoresto

⁹ Including investment tax credit from 2008 and 2009 recorded in 2012

The Group's operating income, down -12.5% over the first nine months of 2013 compared to 2012, reached 282.6 million euros. The decrease in operating income mainly results from the decline in gross operating margin and the increase in depreciation and amortisation in line with the increase in Internet investments.

The financial result represents a net expense of 101.0 million euros as of 30 September 2013 up 6.3% compared to 30 September 2012. The average cost of gross debt (including hedging instruments) stood at 6.88% as of 30 September 2013 compared to 5.75% (excluding RCF drawing) as of 30 September 2012. The increase of 113 basis points results from the new terms coming from the refinancing in autumn 2012.

The Group's net income stands at 106.6 million euros as of 30 September 2013, down -23.3% compared to 30 September 2012. The drop in net income is primarily related to operating income decline and to tax rate increase (partial deductibility of financial interests introduced at the end of 2012).

IV. Financial structure

Net debt¹⁰ amounts to 1,612.9 million euros as of 30 September 2013, down 128.8 million euros compared to 31 December 2012.

As of 30 September 2013, the Group had headroom of 6% on its financial leverage covenant which was 3.74X an aggregate close to gross operating margin **and of 18% on its interest coverage ratio** which was 3.55X the net interest expenses¹¹.

The Group's net cash flow decreased by -29.8% to 115.9 million euros at the end of September 2013 compared to 165.2 million euros at the end of September 2012, a decline primarily related to the drop in the gross operating margin over the period and a shift in the payment of interests for 2012 in 2013. **As of 30 September 2013, the Group had a net cash of 104.7 million euros.**

V. Acceleration of digital transformation

Solocal Group has launched "Digital 2015" in early 2013 to support the digital transformation of the Group. The program is articulated around four ambitions:

- accelerate online growth,
- enhance the effectiveness of its fixed and mobile media,
- adopt the operational models of a digital and nimble business,
- engage and support all teams in the transformation.

The first part of the Digital 2015 plan helped achieve a remarkable growth of the Internet fixed and mobile audiences, direct and indirect: +25% of traffic towards professionals on PagesJaunes in Q3 2013. The Group is determined to sustain this growth dynamic but also to better market and monetize the traffic of its digital audiences: it is the stake of the specialization of marketing and sales teams by business segment in 2014.

To return to growth, Solocal Group accelerates its digital transformation and moves forward with Digital 2015, a program representing an investment of approximately 170 million € over 3 years. Digital 2015 should lead to a return to positive growth as early as 2014 in sales orders ('édition 2015').

The Group will detail its Digital 2015 program in the presentation of its results for the 3rd quarter of 2013.

¹⁰ Net debt corresponds to the total gross financial debt plus or minus the fair value of derivative asset and/or liability hedging instruments and minus cash and cash equivalents.

¹¹ Excluding the change in the fair value of hedging instruments, amortisation of loan issue expenses and accretion income.

VI. Outlook

The Group slightly lowers its 2013 objectives:

- Revenues of around € 1 billion
- Gross operating margin of about € 420 million

And confirms the priority given to deleveraging.

2014 will be a year of deep changes with an acceleration of the digital transformation and investments, especially in sales.

In this context and in light of an uncertain economic environment, the expected outlook for 2014 is:

- Revenues decrease between -3 and -6%
- Normalized¹² gross operating margin expected between €355 millions and €375 millions.

Digital 2015 investments will enable Solocal to return to growth in 2015 and generate about 75% of its revenues on Internet.

About Solocal Group

Solocal Group, the leader in local communication, became the new name of PagesJaunes Groupe on 5 June 2013. The Group offers online content, advertising solutions and transactional services that connect consumers and clients locally. It brings together around 5,000 people, including more than 2,300 advisors in local communication in France and Spain to support the digital development of companies (SMEs and micro businesses, tier 1 brand accounts, etc.), 18 strong and complementary brands (PagesJaunes, Mappy, 123people, 123deal, A vendre A louer, Embauche.com, Keltravo, Chronorest, ZoomOn, Solocal Network, ComprendreChoisir, ClicRDV, PJMS, Horyzon Media, Leadformance, QDQ, Editus and Solocal Group) and nearly 700,000 clients. In 2012, Solocal Group generated €1.07 billion in revenues, of which 58.4% via the Internet, and thus ranks among the key European players in terms of online advertising revenues. Solocal Group is listed on NYSE Euronext Paris (LOCAL). Information on Solocal Group is available at www.solocalgroup.com.

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This document contains forward-looking statements. Although Solocal Group believes its expectations are based on reasonable assumptions, these statements are subject to numerous risks and uncertainties. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among other things: the effects of competition, usage levels, the success of investments by the Solocal Group in France and abroad, and the effects of the economic situation. A description of the risks borne by the Solocal Group appears in section 4 "Risk Factors" of the Solocal Group's "Document de Référence" filed with the French financial markets authority (AMF) on 29 April 2013. The forward-looking statements contained in this document apply only from the date of this document, and Solocal Group does not undertake to update any of these statements to take account of events or circumstances arising after the date of said document or to take account of the occurrence of unexpected events. All accounting data are presented in non-audited consolidated form.

¹² Gross Operating Margin normalized for non-cash impacts of changes to sales contracts

Appendix 1: Quarterly trend in fixed and mobile Internet audiences

In millions of visits	Q3 2013	Q3 2012	Change
PagesJaunes	325.2	285.4	+13.9%
of which mobile	92.2	64.6	+42.9%
Mappy	83.1	84.9	-2.2%
of which mobile	34.9	24.2	+44.2%
Other (a)	46.0	44.7	+2.7%
Total excluding 123people	454.2	415.0	+9.4%
of which mobile	130.8	90.1	+45.1%
123people	18.2	102.7	-82.3%

Source : Solocal Group

(a) on a like-for-like basis

Appendix 2: Quarterly revenues and gross operating margin

In millions of euros	Q3 2013	Q3 2012	Change
Group revenues	249.1	274.9	-9.4%
Internet	154.9	154.8	+0.1%
as % of Group revenues	62.2%	56.3%	
Printed directories	88.7	113.8	-22.1%
as % of Group revenues	35.6%	41.4%	
Other businesses	5.5	6.3	-12.7%
as % of Group revenues	2.2%	2.3%	
Gross operating margin	113.3	129.6	-12.6%
as % of Group revenues	45.5%	47.2%	
Internet	69.8	72.1	-3.2%
as % of Internet revenues	45.1%	46.6%	
Printed directories	41.6	54.2	-23.2%
as % of Printed directories revenues	46.9%	47.6%	
Other businesses	1.9	3.4	na
as % of Other businesses revenues	34.5%	53.2%	

Appendix 3: Quarterly consolidated income statement

In millions of euros	Q3 2013	Q3 2012	Change
Revenues	249.1	274.9	-9.4%
Net external expenses	(52.6)	(55.1)	+4.5%
Salaries and charges	(83.2)	(90.2)	+7.8%
Gross operating margin	113.3	129.6	-12.6%
<i>as % of revenues</i>	45.5%	47.2%	
Legal employee profit-sharing	(3.5)	(4.8)	+27.1%
Share-based payment	(0.5)	(0.2)	na
Depreciation and amortisation	(10.0)	(9.5)	-5.3%
Other income and expenses	(1.6)	0.0	na
Operating income	97.7	115.1	-15.2%
<i>as % of revenues</i>	39.2%	41.9%	
Net financial income	(34.2)	(29.9)	-14.4%
Share of profit or loss of an associate	0.4	(0.3)	na
Income before tax	63.9	84.9	-24.7%
Corporate income tax	(27.9)	(33.0)	+15.5%
Corporate income tax rate	43.9%	38.8%	
Net income	36.0	51.9	-30.6%

Appendix 4: Consolidated income statement over the first nine months

In millions of euros	9M 2013	9M 2012	Change
Revenues	749.4	799.9	-6.3%
Net external expenses	(155.5)	(164.1)	+5.2%
Salaries and charges	(265.2)	(274.1)	+3.2%
Gross operating margin	328.8	361.8	-9.1%
<i>as % of revenues</i>	43.9%	45.2%	
Legal employee profit-sharing	(10.6)	(11.6)	+8.6%
Share-based payment	(1.8)	(0.7)	na
Depreciation and amortisation	(30.0)	(26.5)	-13.2%
Other income and expenses	(3.8)	(0.2)	na
Operating income	282.6	322.8	-12.5%
<i>as % of revenues</i>	37.7%	40.4%	
Net financial income	(101.0)	(95.0)	-6.3%
Share of profit or loss of an associate	0.3	(0.7)	na
Income before tax	181.9	227.2	-19.9%
Corporate income tax	(75.3)	(88.2)	+14.6%
Corporate income tax rate	41.4%	38.7%	
Net income	106.6	139.0	-23.3%

Appendix 5: Quarterly consolidated cash flow statement

In millions of euros	Q3 2013	Q3 2012	Change
Gross operating margin	113.3	129.6	-12.6%
Legal employee profit-sharing	(3.5)	(4.8)	+27.1%
Non monetary items included in GOM	2.4	(3.4)	na
Net change in working capital	(29.9)	(28.4)	-5.3%
Acquisition of tangible and intangible fixed assets	(14.0)	(9.2)	-52.2%
Operational cash flow	68.2	83.7	-18.5%
<i>as % of GOM</i>	60.2%	64.6%	
Cash financial income	(22.5)	(20.4)	-10.3%
Other income and expenses	(1.6)	-	na
Corporate income tax paid	(23.1)	(27.4)	+15.7%
Net cash flow	20.9	36.0	-41.9%
Increase (decrease) in borrowings and bank overdrafts	(20.5)	(0.1)	na
Other	(1.6)	0.1	na
Net cash variation	(1.2)	35.9	na
Net cash and cash equivalents at beginning of period	105.9	485.2	na
Net cash and cash equivalents at end of period	104.7	521.1	na

Appendix 6: Consolidated cash flow statement over the first nine months

In millions of euros	9M 2013	9M 2012	Change
Gross operating margin	328.8	361.8	-9.1%
Legal employee profit-sharing	(10.6)	(11.6)	+8.6%
Non monetary items included in GOM	6.1	(1.6)	na
Net change in working capital	(4.5)	1.0	na
Acquisition of tangible and intangible fixed assets	(35.6)	(29.2)	-21.9%
Operational cash flow	284.2	320.4	-11.3%
<i>as % of GOM</i>	86.5%	88.6%	
Cash financial income*	(93.3)	(79.0)	-18.1%
Other income and expenses	(3.7)	(0.0)	na
Corporate income tax paid	(71.4)	(76.2)	+6.3%
Net cash flow	115.9	165.2	-29.8%
Increase (decrease) in borrowings and bank overdrafts	(99.4)	279.7	na
Other	(3.7)	(2.0)	na
Net cash variation	12.8	443.0	na
Net cash and cash equivalents at beginning of period	91.9	78.1	+17.7%
Net cash and cash equivalents at end of period	104.7	521.1	na

* a shift of €10 M of 2012 interest disbursed in Q2 2013

Appendix 7: Consolidated balance sheet

In millions of euros	30 Sept. 2013	31 Dec 2012	30 Sept. 2012
ASSETS			
Total non-current assets	215.3	212.3	221.6
Net goodwill	83.9	82.3	93.9
Other net intangible fixed assets	76.7	69.4	70.3
Net tangible fixed assets	23.6	25.5	26.3
Other non-current assets of which deferred tax assets	31.1	35.1	31.2
Total current assets	526.9	653.9	992.1
Net trade accounts receivable	290.9	429.9	324.3
Acquisition costs of contracts	64.9	68.9	0.0
Prepaid expenses	11.9	5.6	101.2
Cash and cash equivalents	112.0	111.5	524.0
Other current assets	47.2	38.0	42.6
TOTAL ASSETS	742.2	866.2	1,213.7
LIABILITIES			
Total equity	(1,882.3)	(2,006.8)	(1,984.3)
Total non-current liabilities	1,677.5	1,777.2	2,057.4
Non-current financial liabilities and derivatives	1,579.2	1,686.6	1,992.2
Employee benefits (non-current)	90.8	83.3	57.6
Other non-current liabilities	7.6	7.3	7.6
Total current liabilities	947.0	1,095.7	1,140.6
Bank overdrafts and other short-term borrowings	130.9	149.9	287.6
Deferred income	529.7	632.1	571.0
Employee benefits (current)	112.8	124.4	101.4
Trade accounts payable	73.3	78.3	79.0
Other current liabilities	100.3	111.0	101.7
TOTAL LIABILITIES	742.2	866.2	1,213.7

Appendix 8: Consolidated net debt

In millions of euros	30 Sept. 2013	31 Dec 2012	30 Sept. 2012
Cash and cash equivalents	112.0	111.5	524.0
Gross Cash position	112.0	111.5	524.0
Bank overdrafts	(7.3)	(19.6)	(3.0)
Net Cash position	104.7	91.9	521.1
Bank borrowings	(1,347.1)	(1,368.2)	(1,600.1)
Bond borrowings -Senior secured notes	(350.0)	(350.0)	(350.0)
Revolving credit line drawn*	-	(75.8)	(281.4)
Loan issuance expenses	28.5	37.6	27.8
Capital leases	(0.1)	(0.1)	(0.1)
Fair value of hedging instruments	(27.5)	(54.6)	(62.7)
Accrued interest not yet due	(14.9)	(16.7)	(14.4)
Other financial liabilities	(6.5)	(5.7)	(10.3)
Gross financial debt	(1,717.6)	(1,833.6)	(2,291.2)
<i>of which current</i>	<i>(138.4)</i>	<i>(147.0)</i>	<i>(299.0)</i>
<i>of which non-current</i>	<i>(1,579.2)</i>	<i>(1,686.6)</i>	<i>(1,992.2)</i>
Net debt	(1,612.9)	(1,741.7)	(1,770.1)
Net cash (debt) excluding fair value of financial instruments and loan issuance expenses	(1,613.9)	(1,724.7)	(1,735.3)

*At 09/30/2013, €93,0 M available under the undrawn revolving credit line (€20 M available at 12/31/2012)