

Sèvres, 29 April 2014

1st quarter of 2014 results Ongoing transformation of the Group and confirmed outlook for 2014

- **Consolidated revenues of 215.7 million euros down 5.4%, Internet representing 71% of revenues,**
- **Gross operating margin of 86.0 million euros with a 39.9% margin rate**
- **Compliance with covenants**
- **Confirmed outlook for 2014**

On the announcement of Solocal Group's results for the 1st quarter of 2014, Jean-Pierre Remy, Chairman and CEO, said:

"The Group recorded results for the 1st quarter of 2014 in line with the outlook announced. In parallel, our "Digital 2015" transformation program is continuing its progress with the setting up of business units on the 5 verticals, the change in the contract for all of our sales force which also entails the departure of about 300 sales staff who did not sign, the reorganisation of operations dedicated to customer service, the deployment of new sales tools and the deep changes of PagesJaunes and Mappy. Moreover, the refinancing plan with a capital increase combined with an extension of the bank maturities is going to allow the Group to accelerate the development of our online activities."

The Board of Directors approved the Group's consolidated accounts as of 31 March 2014.

In millions of euros	Q1 2014	Q1 2013	Change
Group revenues	215.7	228.0	-5.4%
of which Internet	154.0	155.4	-0.9%
as % of Group revenues	71.4%	68.2%	
Gross operating margin	86.0	96.0	-10.4%
as % of Group revenues	39.9%	42.1%	

I. Highlights

Ongoing strong growth in audiences in Q1 2014 driven by mobile and partnerships

- PagesJaunes.fr: +20% growth in traffic¹ towards professionals
- Solocal Group: +6% growth in visits² of which 27% mobile visits
- Mobile: more than 32 million Group application downloads at the end of March 2014, up +31% for one year
- Partnership with La Fourchette in order to integrate their content into PagesJaunes
- Acquisitions of Retail Explorer and Lookingo in order to strengthen our content in products, brands and deals
- Shut down of 123people in order to focus on webmarketing for professionals

Digital 2015 transformation program:

- Effective start of the business units of the 5 verticals and finalised reassignment of the sales and marketing teams
- Setting up of a new contract and method of compensation for the sales force: departure of about 300 sales staff who did not sign and who will be replaced by the end of the summer
- Reorganisation of operations dedicated to customer service
- Deployment of the new commercial process and of new sales tools
- Ongoing development of the transactional services in PagesJaunes and the "web-2-store" services in Mappy.

II. Trend in fixed and mobile Internet audiences

In millions of visits	Q1 2014	Q1 2013	Change
PagesJaunes	359.6	333.5	+7.8%
of which mobile	101.6	76.3	+33.2%
Mappy (a)	73.5	76.8	-4.3%
of which mobile (a)	27.5	22.8	+20.6%
ComprendreChoisir	21.8	17.2	+26.7%
of which mobile	6.2	3.0	+106.7%
Other (a)	31.1	32.5	-4.3%
Total (b)	486.0	460.1	+5.6%
of which mobile	140.1	104.7	+33.8%

Source : Solocal Group

(a) on a like-for-like basis

(b) shut down of 123people in Q1 2014

The Internet audience for the Group's sites grew by +5.6% in the 1st quarter of 2014 compared to the 1st quarter of 2013, in particular thanks to the strong growth in the number of mobile Internet visits, up +33.8%. At the end of March 2014, the Solocal Group applications (primarily PagesJaunes and Mappy) had been downloaded more than 32 million times across all smartphones and tablets in France.

The Group's media continue to benefit from strong audiences in the 1st quarter of 2014: 19 million unique visitors³ on the fixed Internet portion and 7 million unique visitors³ on the mobile Internet portion in February 2014 (the 7th Group whose websites are the most visited in France on fixed and mobile Internet).

¹ Fixed and mobile internet, PagesJaunes.fr Audiences excluding PagesBlanches, internal source

² compared to Q1 2013, excluding 123people, internal source

³ Source: Médiamétrie NetRatings – February 2014

III. Financial Results

In millions of euros	Q1 2014	Q1 2013	Change
Group revenues	215.7	228.0	-5.4%
Internet	154.0	155.4	-0.9%
as % of Group revenues	71.4%	68.2%	
Printed directories	56.7	66.9	-15.2%
as % of Group revenues	26.3%	29.3%	
Other businesses	5.0	5.7	-12.3%
as % of Group revenues	2.3%	2.5%	
Gross operating margin	86.0	96.0	-10.4%
as % of Group revenues	39.9%	42.1%	
Internet	60.2	64.1	-6.1%
as % of Internet revenues	39.1%	41.2%	
Printed directories	24.5	30.0	-18.3%
as % of Printed directories revenues	43.2%	44.8%	
Other businesses	1.3	1.9	-31.6%
as % of Other businesses revenues	26.0%	33.3%	
Operating income	63.5	82.6	-23.1%
Net financial income	(27.8)	(34.0)	+18.2%
Share of profit or loss of an associate	0.0	(0.1)	na
Income before tax	35.7	48.4	-26.2%
Corporate income tax	(16.2)	(19.4)	+16.5%
Corporate income tax rate	45.3%	40.0%	
Net income	19.5	29.0	-32.8%

The Group recorded **consolidated revenues down 5.4%** over the 1st quarter of 2014.

- **Internet business represents 71% of the Group's revenues and has decreased -0.9% over the 1st quarter of 2014** affected by the setting up of the new commercial organisation.
- **The decrease in the Printed directories business remains contained and amounts to -15.2% over the 1st quarter of 2014.**

The Group's gross operating margin of 86.0 million euros over the 1st quarter of 2014 is down 10.4% compared to the 1st quarter of 2013: the drop in gross operating margin is affected by the drop in the activity and by investments in the management of the digital transformation, which should allow the Group to get back on the path to growth in 2015. In a context of declining revenue and deep transformation, controlling the production costs⁴ of Printed directories and personnel costs has allowed the Group to maintain a **high gross operating margin of 39.9% as of 31 March 2014** compared to 42.1% as of 31 March 2013.

⁴ Paper, Print, Distribution

The Group's operating income, down 23.1% in the 1st quarter of 2014 compared to the 1st quarter of 2013, **reached 63.5 million euros**. The decrease in operating income stems from the 10.0 million euro drop in gross operating margin and from an additional provision for restructuring costs of 9.3 million euros due to the increase in the number of PagesJaunes sales staff who opted for the departure plan.

The financial result represents a net expense of 27.8 million euros as of 31 March 2014 down 18.2% compared to 31 March 2013. The average cost of gross debt (including hedging instruments) decreased 103 basis points, changing from 7.07% as of 31 March 2013 to 6.05% as of 31 March 2014; this drop is due to the more favourable effect of hedging instruments.

As of 31 March 2014, the Group recorded a corporation tax charge of 16.2 million euros, down 16.5% compared to 31 March 2013. The effective tax rate is 45.3% as of 31 March 2014 compared to 40.0% as of 31 March 2013. This change in the effective tax rate can be explained by the 1.9 point increase in the CIT rate (increasing from 36.1% to 38.0% introduced by the Finance Law of 2013) and an impact that was more unfavourable in 2014 than in 2013 of the partial deductibility of financial interest that changed from 85% in 2013 to 75% in 2014. These effects are partially offset by higher tax credits (CICE - Tax Credit for Competition and Employment - in particular).

The Group's net income stands at 19.5 million euros as of 31 March 2014, down 32.8% compared to 31 March 2013.

IV. Financial structure

Net debt⁵ amounts to 1,542.0 million euros as of 31 March 2014, down 142.0 million euros compared to 31 March 2013.

As of 31 March 2014, the Group had a headroom of 0.7% for its financial leverage covenant which was 3.72 times an aggregate close to GOM **and of 23.0% on its interest coverage ratio** which was 3.69 times the net interest expenses⁶.

The Group's net cash flow at 51.1 million euros at the end of March 2014 is down -30.8% compared to 31 March 2013. This decline is primarily related to the drop in the gross operating margin over the period, the increase in investments supporting the "Digital 2015" programme and a shift in the payment of interest that had favourably impacted net cash flow for the first quarter of 2013. **As of 31 March 2014, the Group had a net cash flow of 82.9 million euros.**

V. Confirmed outlook for 2014

As announced in November, 2014 will be a year of structural changes, especially in the commercial area.

In this context and in light of a mediocre economic environment, the outlook for 2014 is:

- Revenue decrease between -3% and -6%
- Normalised⁷ gross operating margin expected between 355 million euros and 375 million euros

Digital 2015 investments shall allow to return to global growth in 2015 by generating about 75% of revenues on Internet.

⁵ 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.

⁶ Excluding the change in the fair value of hedging instruments, amortisation of loan issue expenses and accretion income.

⁷ GOM normalised : GOM adjusted for accounting effects (without cash impact) related to the implementation of the new sales contracts



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 4,500 people – including nearly 2,200 advisors in local communication in France and Spain to support the digital development of companies (SMEs and micro businesses, tier 1 brand accounts, etc.) – 17 strong and complementary brands (PagesJaunes, Mappy, 123deal, A vendre A louer, Embauché.com, Keltravo, Chronoresto, ZoomOn, Solocal Network, ComprendreChoisir, ClicRDV, PJMS, Horyzon Media, Leadformance, QDQ, Editus and Solocal Group) and nearly 650,000 clients. In 2013, Solocal Group generated nearly €1 billion in revenues, of which 63% 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). Further information on Solocal Group is available on www.solocalgroup.com.

Contacts

Press

Delphine Penalva
+33 (0)1 46 23 35 31
dpenalva@solocal.com

Investors

Elsa Cardarelli
+33 (0)1 46 23 40 92
ecardarelli@solocal.com

Edwige Druon
+33 (0)1 46 23 37 56
edruon@solocal.com

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Appendix 1: Consolidated income statement

In millions of euros	Q1 2014	Q1 2013	Change
Revenues	215.7	228.0	-5.4%
Net external expenses	(46.7)	(45.9)	-1.7%
Salaries and charges	(83.0)	(86.0)	+3.5%
Gross operating margin	86.0	96.0	-10.4%
<i>as % of revenues</i>	39.9%	42.1%	
Legal employee profit-sharing	(2.6)	(2.9)	+10.3%
Share-based payment	(0.3)	(0.6)	+50.0%
Depreciation and amortisation	(10.3)	(9.9)	-4.0%
Other income and expenses	(9.4)	0.0	na
Operating income	63.5	82.6	-23.1%
<i>as % of revenues</i>	29.4%	36.2%	
Net financial income	(27.8)	(34.0)	+18.2%
Share of profit or loss of an associate	0.0	(0.1)	na
Income before tax	35.7	48.4	-26.2%
Corporate income tax	(16.2)	(19.4)	+16.5%
Corporate income tax rate	45.3%	40.0%	
Net income	19.5	29.0	-32.8%

Appendix 2: Consolidated cash flow statement

In millions of euros	Q1 2014	Q1 2013	Change
Gross operating margin	86.0	96.0	-10.4%
Legal employee profit-sharing	(2.6)	(2.9)	+10.3%
Non monetary items included in GOM	1.6	0.9	na
Net change in working capital	18.9	20.6	-8.3%
Acquisition of tangible and intangible fixed assets	(16.6)	(9.5)	na
Operational cash flow	87.3	105.1	-16.9%
<i>as % of GOM</i>	101.5%	109.5%	
Cash financial income	(12.6)	(10.4)	-21.2%
Other income and expenses	(3.5)	-	na
Corporate income tax paid	(20.1)	(21.0)	+4.3%
Net cash flow	51.1	73.8	-30.8%
Increase (decrease) in borrowings and bank overdrafts	(39.0)	(77.0)	+49.4%
Other	(2.3)	(0.2)	na
Net cash variation	9.8	(3.4)	na
Net cash and cash equivalents at beginning of period	73.1	91.9	-20.5%
Net cash and cash equivalents at end of period	82.9	88.4	-6.2%

Appendix 3: Consolidated balance sheet

In millions of euros

31 Mar 2014 31 Dec 2013 31 Mar 2013

ASSETS

Total non-current assets	221.7	214.8	208.5
Net goodwill	80.9	78.7	82.3
Other net intangible fixed assets	87.3	80.8	70.1
Net tangible fixed assets	23.3	23.6	24.3
Other non-current assets of which deferred tax assets	30.2	31.7	31.7
Total current assets	605.8	585.3	640.6
Net trade accounts receivable	399.9	405.8	416.9
Acquisition costs of contracts	63.7	63.3	70.6
Prepaid expenses	13.3	5.9	13.9
Cash and cash equivalents	84.0	75.6	91.7
Other current assets	44.9	34.7	47.6
TOTAL ASSETS	827.5	800.0	849.0
LIABILITIES			
Total equity	(1,845.5)	(1,866.7)	(1,971.6)
Total non-current liabilities	1,592.5	1,617.5	1,712.2
Non-current financial liabilities and derivatives	1,486.2	1,516.2	1,619.6
Employee benefits (non-current)	87.9	85.1	85.3
Other non-current liabilities	18.3	16.3	7.4
Total current liabilities	1,080.5	1,049.2	1,108.4
Bank overdrafts and other short-term borrowings	121.6	132.7	118.7
Deferred income	616.2	597.5	653.9
Employee benefits (current)	118.5	119.2	124.3
Trade accounts payable	86.2	84.5	72.2
Other current liabilities	138.1	115.4	139.4
TOTAL LIABILITIES	827.5	800.0	849.0

Appendix 4: Consolidated net debt

In millions of euros	31 Mar 2014	31 Dec 2013	31 Mar 2013
Cash and cash equivalents	84.0	75.5	91.7
Gross Cash position	84.0	75.6	91.7
Bank overdrafts	(1.1)	(2.5)	(3.3)
Net Cash position	82.9	73.1	88.4
Bank borrowings	(1,234.6)	(1,297.5)	(1,368.2)
Bond borrowings -Senior secured notes	(350.0)	(350.0)	(350.0)
Revolving credit line drawn*	(20.0)	-	-
Loan issuance expenses	22.4	25.4	34.6
Capital leases	(0.0)	(0.0)	(0.1)
Fair value of hedging instruments	(18.0)	(20.2)	(44.3)
Accrued interest not yet due	(18.2)	(6.3)	(37.4)
Other financial liabilities	(6.3)	(4.1)	(7.0)
Gross financial debt	(1,624.8)	(1,652.7)	(1,772.4)
<i>of which current</i>	<i>(138.7)</i>	<i>(136.4)</i>	<i>(152.8)</i>
<i>of which non-current</i>	<i>(1,486.2)</i>	<i>(1,516.2)</i>	<i>(1,619.6)</i>
Net debt	(1,541.9)	(1,579.6)	(1,684.0)
Net cash (debt) excluding fair value of financial instruments and loan issuance expenses	(1,546.3)	(1,584.8)	(1,674.3)

*At 03/31/2014, €48,2 M available under the undrawn revolving credit line