

Sèvres, 28 April 2015

## Internet revenues up +4.1%, Group revenues in slight decrease and partnerships strengthened with major web players in Q1 2015

- **Q1 2015 results**
  - Progression in Internet revenue growth reaching +4.1% (compared to +2% in Q4 2014)
  - Solid audience growth of +14%, of which +26% for mobile platforms
  - Robust growth in Search & Display ARPA<sup>1</sup> up by +11%
  - Print & Voice revenues down by -20.6%
  - Group revenues down by -3.0%
  - EBITDA/revenue margin<sup>2</sup> of 26%
- **Strengthened strategic partnerships** with Google<sup>3</sup>, Microsoft (Bing) and Apple positioning Solocal Group as the gateway for advertisers to the local mobile web
- **Outlook for 2015**
  - Internet revenue growth between +5% and +10%
  - Slight decrease in Group revenues - less than in 2014 - due to the accelerated decrease in the Print & Voice business
  - EBITDA/revenue margin<sup>2</sup> between 29% and 30%

At its Investor Day to be held today in Paris, Solocal Group, #1 in Europe for local digital communication, will present its strategic development and growth objectives for the period up to 2018.

**Jean-Pierre Remy, Chief Executive Officer, stated:** *“Internet revenues continued to grow by +4% in the first quarter thanks to the sharp increase in the audiences we generated for our advertisers. The quality of our audiences has considerably improved, which is reflected in the significant growth of our average revenue per advertiser. In addition, we have pursued the implementation of our Digital 2015 transformation program, which implies the adaptation of our sales structures longer than expected. Our sales results remain below our expectations. We still have a strong focus on the growth of our Internet business, while managing with discipline our investments and expenses.”*

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

<sup>2</sup> Recurring EBITDA / Group revenue margin, excluding exceptional items

<sup>3</sup> cf. Press release Solocal Group / Google published today

The full Investor Day presentation will be available on [www.solocalgroup.com](http://www.solocalgroup.com) on 28 April at 2 pm.

## I. Revenues and EBITDA in the 1<sup>st</sup> quarter of 2015

The Board of Directors approved the Group's consolidated accounts as of 31 March 2015.

In million of euros	Q1 2014	Q1 2015	Change
<b>Internet revenues</b>	<b>154.0</b>	<b>160.3</b>	<b>+4.1%</b>
<b>Search &amp; Display revenues</b>	<b>121.2</b>	<b>127.9</b>	<b>+5.5%</b>
<i>Number of visits (in million)</i>	485	555	+14%
<i>ARPA<sup>4</sup> (in €)</i>	215	237	+10%
<i>Number of clients (in thousand)</i>	560	536	-4%
<b>Digital marketing revenues</b>	<b>32.7</b>	<b>32.3</b>	<b>-1.2%</b>
<i>Penetration rate (in number of clients)<sup>5</sup></i>	21%	22%	+1 pt
<b>Print &amp; Voice revenues</b>	<b>61.7</b>	<b>49.0</b>	<b>-20.6%</b>
<b>Group revenues</b>	<b>215.7</b>	<b>209.2</b>	<b>-3.0%</b>

The Group posted **consolidated revenues of €209.2 million** in Q1 2015, down **-3.0%** compared to Q1 2014:

- The **Internet** business is up by **+4.1%**, driven by the **Search & Display** business, which grew by **+5.5%** mainly driven by the increase of **+10%** in ARPA<sup>4</sup>, which is the result of improved monetisation of Internet audiences, up by **+14%**. The strong increase in ARPA<sup>4</sup> more than offsets the decrease in the number of clients **-4%**, which, amongst others, has been impacted by the priority given to the commercial development of high-value clients in early 2015.
- The Digital marketing<sup>6</sup> penetration rate<sup>5</sup> rose from **21%** to **22%**, which is in line with our strategy of reaching a penetration rate of **30%** within 3 years.
- The **Print & Voice** business fell by **-20.6%** in the period, which is a sharper decrease than last year (**-19%** in Q4 2014 and **-17%** in full year 2014), and which leads us to revise slightly our Group revenue growth forecast 2015.

In million of euros	Recurring EBITDA <sup>7</sup>		Change	Recurring EBITDA/ Revenues <sup>7</sup>	
	Q1 2014	Q1 2015		Q1 2014	Q1 2015
<b>Internet</b>	56.8	41.8	-26.4%	<b>37%</b>	<b>26%</b>
Print & Voice	25.0	12.4	-50.4%	40%	25%
<b>Group</b>	81.8	54.2	-33.7%	<b>38%</b>	<b>26%</b>

**EBITDA of €54.2 million** in Q1 2015 dropped by **33.7%** compared to Q1 2014. The **EBITDA/revenues margin** was **26%** in Q1 2015, compared to **38%** in Q1 2014. This 12-point fall in the EBITDA/revenue margin is due primarily to:

- a 7-point increase due to sales cost increase as a result of investments made to the reinforcement of the sales and marketing organisation around our 5 verticals;
- a 5-point drop due to the Print & Voice business as a result of the accelerated decrease in that business.

<sup>4</sup> Average Revenue Per Advertiser

<sup>5</sup> % of Internet clients "Search & Display" benefiting from a Digital marketing product

<sup>6</sup> Creation and referencing of web/marketing content and transactional services

<sup>7</sup> Excluding exceptional items

Under these circumstances, the Group is setting up an operational contingency plan that will reduce costs by nearly €30 million on a yearly basis. Thanks to this plan, we remain confident in our ability to achieve an EBITDA/revenue margin<sup>8</sup> of between 29% and 30% in 2015.

## II. Net income and financial structure in the 1<sup>st</sup> quarter of 2015

In million of euros	Q1 2014	Q1 2015	Change
<b>Recurring EBITDA<sup>9</sup></b>	<b>81.8</b>	<b>54.2</b>	<b>-33.7%</b>
Exceptional items	(9.3)	(0.5)	94.6%
<b>EBITDA</b>	<b>72.5</b>	<b>53.7</b>	<b>-25.9%</b>
Depreciation and amortisation	(10.3)	(11.9)	-15.5%
Net financial income <sup>10</sup>	(27.7)	(22.0)	-20.9%
Corporate income tax	(14.9)	(7.5)	+49.7%
<b>Net income</b>	<b>19.5</b>	<b>12.4</b>	<b>-36.4%</b>

The Group's EBITDA of €53.7 million in Q1 2015 is down -26% and is impacted by the drop in recurring EBITDA, which is partially offset by non-recurring exceptional items in the Q1 2015.

Net financial income was negative by -€22.0 million in the Q1 2015, down -20.9% compared to Q1 2014, thanks primarily to the impact of debt repayments made between the two periods.

In Q1 2015, the Group recognised corporate income tax expense of €7.5 million, a decrease of -49.7% compared to Q1 2014. The effective tax rate of 38% in the Q1 2015 is exceptionally lower by 5 points compared to Q1 2014 due to the one-off deduction of share-based compensation expenses.

The Group net income amounted to €12.4 million in Q1 2015, down -36.4% compared to Q1 2014.

After the refinancing carried out in 2014, net debt<sup>11</sup> totalled €1,125.8 million as of 31 March 2015, in decrease by €416.1 million compared to 31 March 2014.

The Group's net cash flow was €20.7 million as of 31 March 2015, down by -59.5% compared to Q1 2014. This drop is primarily driven by the EBITDA decrease and the increase in working capital requirements temporarily implied by the new sales compensation structure. These two items are partially offset by the fact that no tax payments were made during the period.

As of 31 March 2015, Solocal Group held €42.0 million in net cash.

<sup>8</sup> Recurring EBITDA / Group revenue margin, excluding exceptional items

<sup>9</sup> Excluding exceptional items

<sup>10</sup> Including share of profit or loss of an associate

<sup>11</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.

### III. Outlook for 2015-2018

#### The expected outlook for 2015 is:

- Internet revenues growth between +5% and +10%
- A slight decrease in Group revenues - less than in 2014 - due to the accelerating decrease in the Print & Voice business
- EBITDA/revenues margin<sup>12</sup> between 29% and 30%
- In order to maintain this margin rate, the Group is setting up an operational contingency plan that will reduce costs by nearly €30 million on a yearly basis. As a result of this plan, net income is expected to remain stable compared to 2014.

#### Furthermore, in 2015 the Group would like to:

- proceed with partial purchases of its high yield debt;
- proceed with partial purchases of its bank debt by at least €15 million;
- achieve a reverse split, subject to the shareholders vote at the next combined shareholders' meeting scheduled on 11 June 2015.

#### At the Investor Day to be held today in Paris, the Group will present its priorities for the period up to 2018: sustainable and profitable growth and continuing deleverage.

#### The Group is aiming to achieve in 2018:

- an Internet revenue growth of ~+10%
- an EBITDA/revenue margin of ~30%
- a Net debt reduction > €300 million compared to the current amount

#### About Solocal Group

Solocal Group, the European market leader in local online communication, provides digital content, advertising solutions and transactional services that simply connect people with local businesses. The Group employs some 4,800 people (including nearly 2,300 local communication advisors) in France, Spain, Austria and the United Kingdom and supports the online development of SMB and major client accounts, mainly through its four flagship brands: PagesJaunes, Mappy, ComprendreChoisir and A Vendre A Louer. Over the years, Solocal Group has earned the trust of some 550,000 Internet clients. In 2014, Solocal Group generated revenues of 936 million euros, of which Internet business accounted for 68%, making it a European market leader in terms of online 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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*This press release contains forward-looking statements. Although Solocal Group feels that its estimates are based upon assumptions which we believe to be reasonable, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in said forward-looking statements. For a discussion of risks and uncertainties which could cause actual results, financial condition, performance or achievements of Solocal Group to differ from those contained in the forward-looking, please refer to the "Risk factors" section of the "Document de Référence" filed with the French financial markets authority (AMF) and available on the Internet sites of the AMF ([www.amf-france.org](http://www.amf-france.org)) and of Solocal Group ([www.solocalgroup.com](http://www.solocalgroup.com)). Accounting data are represented on an annual basis in audited consolidated form and on a quarterly basis in unaudited consolidated form.*

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<sup>12</sup> Recurring EBITDA margin/Group revenues, excluding exceptional items

## Appendix 1: Audiences for 1<sup>st</sup> quarter

In million of visits	Q1 2014	Q1 2015	Change
<b>PagesJaunes</b>	<b>359.6</b>	<b>407.4</b>	<b>+13.3%</b>
of which mobile	111.4	135.1	+21.3%
<b>Mappy</b>	<b>73.5</b>	<b>82.3</b>	<b>+12.0%</b>
of which mobile	27.5	33.0	+20.0%
<b>ComprendreChoisir</b>	<b>21.8</b>	<b>37.5</b>	<b>+72.0%</b>
of which mobile	6.2	15.0	+141.9%
<b>Other</b>	<b>30.3</b>	<b>27.4</b>	<b>-9.6%</b>
<b>Total*</b>	<b>485.2</b>	<b>554.7</b>	<b>+14.3%</b>
of which mobile	149.9	188.7	+25.9%

Source : Solocal Group  
on a like-for-like basis

\*shut down of 123people in Q1 2014

## Appendix 2: Income statement for 1<sup>st</sup> quarter

In million of euros	Q1 2014	Q1 2015	Change
<b>Group revenues</b>	<b>215.7</b>	<b>209.2</b>	<b>-3.0%</b>
Net external expenses	(48.0)	(50.5)	-5.2%
Personnel expenses	(85.8)	(104.5)	-21.8%
<b>Recurring EBITDA<sup>1</sup></b>	<b>81.8</b>	<b>54.2</b>	<b>-33.7%</b>
Exceptional items	(9.3)	(0.5)	+94.6%
<b>EBITDA</b>	<b>72.5</b>	<b>53.7</b>	<b>-25.9%</b>
Depreciation and amortisation	(10.3)	(11.9)	-15.5%
<b>Operating income</b>	<b>62.2</b>	<b>41.8</b>	<b>-32.8%</b>
Net financial income	(27.8)	(22.1)	+20.5%
Share of the result from associated companies	0.0	-	na
<b>Income before tax</b>	<b>-</b>	<b>0.1</b>	<b>na</b>
Corporate income tax	(14.9)	(7.5)	+49.7%
<i>Corporate income tax rate</i>	<i>43.3%</i>	<i>37.8%</i>	<i>+0.0%</i>
<b>Net income</b>	<b>19.5</b>	<b>12.4</b>	<b>-36.4%</b>

\* Excluding exceptional items

### Appendix 3: Consolidated cash flow statement for 1<sup>st</sup> quarter

In million of euros	Q1 2014	Q1 2015	Change
<b>Recurring EBITDA</b>	<b>81.8</b>	<b>54.2</b>	<b>-33.7%</b>
Exceptional items	(9.3)	(0.5)	+94.6%
<b>EBITDA</b>	<b>72.5</b>	<b>53.7</b>	<b>-25.9%</b>
Non monetary items included in EBITDA and other	7.7	(1.7)	-122.1%
Net change in working capital	20.2	(2.8)	na
Acquisition of tangible and intangible fixed assets	(16.6)	(16.1)	+3.0%
<b>Operational cash flow</b>	<b>83.8</b>	<b>33.1</b>	<b>-60.5%</b>
Cash financial income	(12.6)	(12.4)	+1.6%
Corporate income tax paid	(20.1)	0.1	+100.5%
<b>Net cash flow</b>	<b>51.1</b>	<b>20.7</b>	<b>-59.5%</b>
Increase (decrease) in borrowings and bank overdrafts	(39.0)	(18.6)	na
Capital increase	-	-	-
Other	(2.3)	(3.7)	na
<b>Net cash variation</b>	<b>9.8</b>	<b>(1.6)</b>	<b>-116.3%</b>
Net cash and cash equivalents at beginning of period	73.1	43.6	-40.4%
<b>Net cash and cash equivalents at end of period</b>	<b>82.9</b>	<b>42.0</b>	<b>-49.3%</b>

## Appendix 4: Consolidated balance sheet

In million of euros	31 March 2014	31 Dec 2014	31 March 2015
<b>ASSETS</b>			
<b>Total non-current assets</b>	<b>221.7</b>	<b>229.6</b>	<b>234.6</b>
Net goodwill	80.9	82.5	82.5
Other net intangible fixed assets	87.3	107.3	113.3
Net tangible fixed assets	23.3	25.3	23.6
Other non-current assets of which deferred tax assets	30.2	14.6	15.3
<b>Total current assets</b>	<b>605.8</b>	<b>606.7</b>	<b>544.2</b>
Net trade accounts receivable	399.9	441.8	387.0
Acquisition costs of contracts	63.7	46.7	42.1
Prepaid expenses	13.3	9.4	11.4
Cash and cash equivalents	84.0	46.4	43.7
Other current assets	44.9	62.5	59.9
<b>TOTAL ASSETS</b>	<b>827.5</b>	<b>836.3</b>	<b>778.8</b>
<b>LIABILITIES</b>			
<b>Total equity</b>	<b>(1,845.5)</b>	<b>(1,369.3)</b>	<b>(1,358.9)</b>
<b>Total non-current liabilities</b>	<b>1,592.5</b>	<b>1,247.0</b>	<b>1,248.8</b>
Non-current financial liabilities and derivatives	1,486.2	1,139.6	1,141.8
Employee benefits (non-current)	87.9	90.4	91.1
Other non-current liabilities	18.3	16.9	15.8
<b>Total current liabilities</b>	<b>1,080.5</b>	<b>958.6</b>	<b>889.0</b>
Bank overdrafts and other short-term borrowings	121.6	37.5	14.7
Deferred income	616.2	575.4	547.1
Employee benefits (current)	118.5	117.6	109.1
Trade accounts payable	86.2	98.9	88.1
Other current liabilities	138.1	129.3	130.0
<b>TOTAL LIABILITIES</b>	<b>827.5</b>	<b>836.3</b>	<b>778.8</b>

## Appendix 5: Consolidated net debt

In million of euros	31 March 2014	31 Dec 2014	31 March 2015
Cash and cash equivalents	84.0	46.2	84.0
<b>Gross Cash position</b>	<b>84.0</b>	<b>46.4</b>	<b>84.0</b>
Bank overdrafts	(1.1)	(2.8)	(1.1)
<b>Net Cash position</b>	<b>82.9</b>	<b>43.6</b>	<b>82.9</b>
Bank borrowings	(1,254.6)	(833.8)	(1,254.6)
Bond borrowings -Senior secured notes	(350.0)	(350.0)	(350.0)
Loan issuance expenses	22.4	25.8	22.4
Capital leases	(0.0)	(0.8)	(0.0)
Fair value of hedging instruments	(18.0)	(9.9)	(18.0)
Accrued interest not yet due	(18.2)	(5.1)	(18.2)
Other financial liabilities	(6.3)	(5.5)	(6.3)
<b>Gross financial debt</b>	<b>(1,624.8)</b>	<b>(1,179.4)</b>	<b>(1,624.8)</b>
<i>of which current</i>	<i>(138.7)</i>	<i>(39.7)</i>	<i>(138.7)</i>
<i>of which non-current</i>	<i>(1,486.2)</i>	<i>(1,139.6)</i>	<i>(1,486.2)</i>
<b>Net debt</b>	<b>(1,541.9)</b>	<b>(1,135.8)</b>	<b>(1,541.9)</b>
<b>Net cash (debt) excluding fair value of financial instruments and loan issuance expenses</b>	<b>(1,546.3)</b>	<b>(1,151.6)</b>	<b>(1,546.3)</b>

\*At 03/31/2015, €57 M available under the revolving credit line

	31 March 2014	31 Dec 2014	31 March 2015
<b>Financial leverage</b>	<b>3.72X</b>	<b>3.73X</b>	<b>4.03X</b>
Covenant (max)	3.75X	4.50X	4.50X
<b>Interest coverage</b>	<b>3.69X</b>	<b>3.61X</b>	<b>3.52X</b>
Covenant (min)	3.00X	3.00X	3.00X